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DEPARTMENT OF OVERSEAS TRADE.

REPORT
ON THE
ECONOMIC AND FINANCIAL
SITUATION
OF
EGYPT.

(Dated May, 1927)

BY
E. HOMAN MULOCK,

Commercial Secretary, The Residency, Cairo.



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DEPARTMENT OF OVERSEAS TRADE.

COMMERCIAL REPRESENTATION ABROAD.

To foster British overseas trade, the Department has developed and controls the following services of Commercial Intelligence Officers :—

1. IN THE EMPIRE.

The Trade Commissioner and Imperial Trade Correspondent Services.

At the present time there are 13 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg) ; two in South Africa (Johannesburg, Capetown) ; two in Australia (Melbourne, Sydney) ; two in India (Calcutta and Bombay—to cover also Ceylon) ; and one each in New Zealand (Wellington), British East Africa (Nairobi), and British West Indies (Trinidad).

The Trade Commissioners in the Dominions have the assistance of Imperial Trade Correspondents at a number of important centres.

In various parts of the Empire in which at present there are no commissioners, there are correspondents with whom the Department deals direct.

2. IN FOREIGN COUNTRIES.

(a) The Commercial Diplomatic Service attached to the British Diplomatic Missions.

This service consists of between thirty and forty posts in all, and the officers of the service are stationed in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled " Commercial Counsellors " in the highest grade, and " Commercial Secretaries " in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular offices in his area, and, with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

The Department is represented in Egypt by Mr. E. Homan Mulock, Commercial Secretary, The Residency, Cairo.

(b) The British Consular Service.

Particular attention has been given to the commercial side of consular work since the re-organization of the service. In certain countries where no Commercial Diplomatic Officer is stationed, the senior Consular Officer undertakes duties of a similar character.

Members of British firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects the views of the Department.

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COMMERCIAL SUMMARY.

Area.—About 1,000,000 square kilometres, of which some 32,000 square kilometres are cultivable.

Population.—1927 census, provisional figures, 14,168,756. In 1917 the European population was 153,777.

Language.—Arabic. English, French, Greek and Italian are also in common use in commercial circles, and practically all native firms who trade directly with the United Kingdom find means of coping with correspondence in English. Catalogues for reference by Egyptian merchants should be in Arabic and English.

Monetary Unit.—£E. (Egyptian Pound) = 100 Piastres tariff (P.T.) = 1,000 milliemmes = £1 0s. 6½d. A dollar (tallari) = 20 Piastres tariff = 4s. 1½d.

Rate of Exchange.—Pre-war: £stg. = 97½ Piastres (par rate). Current rate (April, 1927), average, 97½ Piastres = £stg.

Index Numbers (1926).—Wholesale prices (mostly cotton and other agricultural produce) in Cairo and Alexandria, 130. Index number of average cost of living during 1926 for native clerks, artisans and labourers (earning £5/8 per month): Cairo, 164; other Governorates, 175.

Principal Weights and Measures.—

(a) 1 cantar	=	100 rotls	=	99·0493 lbs.
1 rotl	=	144 dirhems	=	0·9905 lbs.
1 oke	=	400 „	=	2·75137 lbs.
1 heml	=	200 okes	=	550·74 lbs.
(b) 1 ardeb	=	96 kadahs	..	43·455 gallons or 5·444 bushels.
1 keila	=	8 „	=	3·63 gallons.
1 rob	=	4 „	=	1·815 „
1 kadah	=	1/96 ardeb	=	3·630 pints.
1 feddan	=	24 kirats	=	5024·16 sq. yds. or 1·038 acres.
(a) 1 cantar of unginned cotton	=		=	315 lbs.
1 „ ginned „	=		=	100 lbs.
(b) Approximate weight of an ardeb of various seeds: —				
Wheat, 150 kilos.		Barley, 120 kilos.		Beans, 155 kilos.
Maize, 140 kilos.		Lentils (whole), 157 kilos.		Lentils (split), 132 kilos,

Note (1)—

1 bale of steam-pressed cotton	=	7·75 cantars.
1 „ hydraulically-pressed cotton	=	8·50 „
1 ardeb of cotton seed	=	267 lbs.
8½ ardebs of „ „	=	1 ton.
3 bales of steam-pressed cotton	=	1 ton 85 lbs.

Note (2).—In Egypt liquids are often bought and sold by weight, and there are no specific Arabic liquid measures.

Total Imports for 1926.—£E. 52,400,059.

Principal Imports.—Coal, £E. 1,565,821; cotton piece goods, £E. 5,985,329; wheat flour, £E. 3,143,691; metals and metalware, £E. 8,761,726; petroleum products, £E. 2,402,615; manures, £E. 2,281,547; rice, £E. 669,316; sacks (empty), £E. 645,935; silk textiles, £E. 1,439,720; artificial silk textiles, £E. 362,601; soap (household), £E. 396,631; (toilet), £E. 42,253; sugar (refined), £E. 906,755; timber, £E. 1,828,761; woollen textiles, £E. 1,512,601; tobacco leaf, £E. 1,624,554; coffee, £E. 905,290; tea £E. 482,504; paper, etc., £E. 750,132; gold bullion, £E. 483,414.

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Imports from—

United Kingdom.—Coal, copper and brass goods, cotton piece goods, gold bullion, iron and steel manufactures, machinery, woollen textiles. Total for all imports from United Kingdom, £E.11,405,666.

France.—Flour, furniture, iron and steel goods, motor cars, linen goods, machinery, pharmaceutical goods, silks, woollen textiles. Total for all imports from France, £E.5,677,325.

Italy.—Silk and artificial silk textiles, cotton piece goods, hosiery, motor vehicles, woollen textiles. Total for all imports from Italy, £E.4,546,768.

Germany.—Copper and brass goods, hosiery, iron and steel goods, machinery, coal, beer. Total for all imports from Germany, £E.3,793,428.

U.S.A.—Flour, machinery, motor vehicles, mineral lubricating oils, coal. Total for all imports from U.S.A., £E.2,474,217.

Belgium.—Cotton and linen piece goods, glassware, iron and steel, goods. Total for all imports from Belgium, £E.2,216,921.

. *Total Exports.*—£E.41,759,391.

Principal Exports.—Cigarettes, £E.352,299 ; cotton (raw), £E.34,370,891 ; cottonseed, £E.2,246,409 ; cottonseed cake, £E.667,643 ; onions, £E.710,289 ; rice, £E.319,892 ; cottonseed oil, £E.476,347 ; eggs, £E.250,909 ; hides and skins, £E.198,497 ; wool (raw), £E.140,941 ; benzine, £E.167,009 ; gold bullion, £E.436,146.

Exports (domestic) to—

United Kingdom.—Cotton (raw), cottonseed, cottonseed cake, cottonseed oil, eggs, onions. Total for all exports to United Kingdom, £E.18,921,153.

France.—Cotton (raw), silver bullion, onions, benzine. Total for all exports to France, £E.4,950,774.

Germany.—Cotton (raw), cottonseed, onions. Total for all exports to Germany, £E.1,892,811.

Italy.—Chiefly cotton (raw) and onions. Total for all exports to Italy, £E.2,381,429.

U.S.A.—Chiefly cotton (raw), onions and wool. Total for all exports to U.S.A., £E.5,584,254.

Czechoslovakia, Japan, Spain and Switzerland.—Almost entirely raw cotton.

Railway Mileage.—Total, 1,609 miles, excluding auxiliary lines.

Mercantile Marine.—Steamships, 20 ; sailing ships, 220.

REPORT

ON THE ECONOMIC AND FINANCIAL SITUATION OF EGYPT.

(*Dated May, 1927.*)

I.—THE ECONOMIC AND FINANCIAL SITUATION.

Causes of Economic Depression.—At the moment of writing, Egypt is gradually emerging, thanks to the recuperative power derived from the accumulated reserves of preceding years of prosperity, from the economic and commercial depression which characterised the greater part of the closing four months of 1926, and which, coinciding as it did with the period of the year when the cotton crop movement is normally at its zenith, was more widespread in its effects than might otherwise have been the case.

Owing to the fact that some seventy per cent. of the population are directly concerned in, and most of the remainder more or less directly affected by, Egypt's cotton industry, any radical fluctuation in cotton values is bound to have an immediate and far-reaching effect on the economic situation; but although the final slump in cotton prices constituted the prime mover in the economic depression of 1926, its driving power was greatly stimulated by the high cost of living and excessive agricultural rents. But for these two potent factors, it is doubtful whether the material effect on the fellaheen, and the moral effect on the commercial community, of the decline of cotton prices to what must, sooner or later, be accepted as a normal post-war level, would have been sufficiently acute to create economic depression.

Authoritative opinion inclines to the view that the severity and the after effects of this economic depression have been greatly exaggerated in some quarters. Moreover, for reasons which will presently appear, there would seem to be good grounds for considering that, in spite of the effect on the financial condition of the fellah, who forms the backbone of the consumer element, of a combination of low cotton prices and excessive agricultural rents, the decline in the purchasing power of the country at large, as reflected in the decrease in imports, as well as exports, and the excess of the former over the latter, is more apparent than real.

Trade Balance.—Favourable trade balances and a total foreign trade of over one hundred million £E. have been so marked a feature of the post-war years, that any departure therefrom is looked upon in some quarters as abnormal and disastrous to a

degree. The actual trade balance and foreign trade (excluding specie) in 1926 were as follows :—

	£E.	£E.
Imports		52,400,059
Exports	41,759,391	
Re-exports.. .. .	1,371,055	
	<hr/>	43,130,446
Unfavourable trade balance ..		9,269,613
Total foreign trade ..		<hr/> 95,530,505 <hr/>

There is no excuse for pessimism regarding Egypt's present economic and financial situation if only it is realized that for the quinquennial period 1922–1926 there is a net trade balance in Egypt's favour of £E.32,061,000. It is also interesting to note that, in spite of unfavourable trade balances in 1920, 1921 and 1926, there is a net balance of trade in Egypt's favour, over the period 1919 to 1926, of £E.37,961,000.

Purchasing Power.—In view of the nature of the features cited later on in support of the contention that the apparent decline in the purchasing power of the country can largely be explained by its diversion into other channels, it is reasonable to conclude, even supposing invisible imports to have exceeded invisible exports from 1922 onwards, that a considerable proportion of the financial reserves accumulated in the last 5 years is still in the country.

So far as the relation between the decrease in imports and a decline in purchasing power is concerned, it will be seen in the course of the general remarks on imports that the decrease therein is chiefly attributable to other factors. Further, there are several important features of the economic and financial situation which one cannot reconcile with a serious decline in purchasing power. One of the most striking of these features is the general imperturbability of the local stock and share-market in the face of fluctuations in cotton prices, and particularly of the final slump. Thus local stocks and shares stood, on the whole, at the same level, some being higher, on Monday December 6th, as that existing on December 3rd, in spite of the fact that on December 4th the prices of Sakellarides and Ashmouni dropped to the lowest levels recorded either in 1926 or in the present cotton season (up to April 26th, 1927), viz., \$23.36 and \$15.05 respectively. Other such features are: the large imports of luxury articles, such as Persian and Turkey carpets, costly motor-cars and household furniture, precious stones, wines, silks, etc.; the immigration from the Mousky of traders whose prosperity has raised their standard of living and stimulated the demand for new flats in the European quarter; the consequent high rents asked, and paid, for living accommodation, which make investment in land and the construction of new buildings so attractive a proposition, and constitute so important a factor in the prevalent high cost

of living ; the circulation of money resulting from an influx of tourists estimated at 40 per cent. above pre-war levels ; the reduction by half, by March, 1927, of the total quantity of accumulated stocks of piece goods in the bonded warehouses in March, 1926 ; the increasing investment of capital in local gilt-edged securities ; and the yearly exodus to Europe of wealthy people for the summer.

There is also a tendency to exaggerate the lasting nature of the adverse effects of the economic depression of 1926, such as the diminution in the demand for, and the circulation of, bank notes ; the conversion of an excess of nearly £E.600,000 of payments of mortgage charges over new mortgages granted by the Credit Foncier in 1925 into a deficit of about £E.5,000 ; the substantial increase in the number of cases of bankruptcies and the deposit of books, which totalled 329 and 128 respectively in 1926 as against 202 and 77 in 1925.

Conclusions.—In view of all the foregoing considerations it seems reasonable to conclude that the purchasing power of the country has not been seriously affected, and to diagnose the decline in imports during the last three months of 1926 as commercial indigestion, set up by the moral effect on wholesale importers of a tardy realization, thanks to economic depression, of the plethora of stocks, particularly of textile goods, accumulated during preceding years of prosperity. Finally, if the absorption of accumulated stocks of goods lead to a steady demand for replenishment ; if the increase in commercial failures is to any extent due to the disappearance of mushroom firms on the one hand, and to exaggerated credits on the other ; if those who are responsible for the maintenance of high rents, high prices, and the high cost of living will only realize that what is really happening is a general readjustment to a more or less normal state of affairs : then the economic depression of 1926 will prove to have been a blessing in disguise.

Agricultural Rents.—The root of the evil so far as the fellah is concerned is to be found in the disproportion between present agricultural rents and the prevailing low cotton prices. That these rents are generally excessive was recognized in Parliament in the course of a debate on January 11th and 12th, 1927, on a proposal that they should be reduced and fixed by law.

So long as nothing is done to check excessive rents and the consequent artificial market value of agricultural land, economic depression amongst the fellaheen would seem to be a foregone conclusion every time cotton values fall unduly low. It is not necessary to seek any other explanation of the inability of the fellah under existing conditions, to enjoy the benefits which should be secured from a lint yield per acre very high in comparison with that which provides a subsistence for the cultivator in the

U.S.A. and India. The comparative figures of yield in lbs. of lint per acre for the three countries in 1926 were :—

Egypt—								lbs.
Sakel ..	..	..	..	..	..	..	..	275
Others ..	..	..	..	..	..	..	..	529
U.S.A. ..	..	..	..	..	..	..	..	179·7
India ..	..	..	..	..	..	..	..	79

ECONOMIC AND FINANCIAL POLICY OF THE EGYPTIAN GOVERNMENT :

(a) **Cotton.**—The foregoing anomaly cannot be attributed, when all is said and done, to any failure on the part of the Egyptian Government to render direct financial assistance, whatever the merits or demerits of the methods employed, both to the fellah and the cotton industry at large. During the period January-August, 1926, Government expenditure on purchases of cotton amounted to £E.2,862,785—which includes rent, storage, insurance, brokerage and all overhead charges—in respect of 434,618 cantars of cotton, making a total for the 1925-26 cotton season of £E.3,193,228 spent on 479,610 cantars; a further sum of £E.1,512,932 was advanced in loans to the small cultivator on 472,236 cantars, under the scheme described below, during the period between October 20th and December 31st, 1926. Expenditure on loans had risen by March 31st, 1926. Expenditure on loans had risen by March 31st, 1927, to a gross total of £E.1,939,406 on 575,615 cantars, of which £E.511,977 was repaid on 187,782 cantars by April 2nd.

The financial assistance referred to above and the legislative or administrative measures described below, afford ample proof of the anxiety of the Government to foster and assist the staple industry of the country which, *ipso facto*, comes in for the lion's share of attention in the maintenance of a policy dictated primarily by the desire to encourage local industry in general. Legislative or administrative measures designed to help the cotton industry in various ways during the period under review took the following forms :—

September 15th, 1926.—Law No. 4, prohibiting the mixture of different varieties of cotton, and Law No. 5, governing the control of cottonseed.

September 16th.—Reduction of tax on ginned cotton from P.T. 25 to P.T. 20 per cantar.

October 19th and 20th.—The opening of a credit of £E.4 millions for advances to the small cultivator on the security of any quantity of cotton ranging from 5 to 200 cantars. These advances, which ranged according to the variety of cotton pledged, from \$13·75 per cantar of Ashmouni to \$22·50 per cantar of Sakel, for G.F. and F.G.F. upwards, were made valid for four months, and carried interest at 4 per cent. per annum. The cotton was to be weighed and stored free of charge to the borrower.

November 21st.—Loans on the basis of \$15 per cantar of Sakel and \$10 for Ashmouni, etc., were authorised for F.F. grades.

November 30th.—The maximum quantity of cotton on which loans could be granted was increased to 400 cantars.

December 17th.—Intervention in the "Futures" market in the form of a decision to purchase, and insist on delivery of, all January Sakel and December and February Ashmouni contracts offered at \$23·50 and \$15·50 per cantar respectively. This has since been extended to May

Sakel and April Ashmouni contracts, but the necessity to act on this decision has not so far arisen.

January 10th, 1927.—Law No. 1, restricting the area under cotton in 1927, 1928 and 1929 to one-third of each man's holding.

March 21st.—The renewal of loans on cotton for a further four months was authorised, provided that the borrower first pays up the interest to date, and authorises the ginning of the cotton and the sale of the seed.

Other measures still under consideration are :—

Improvement of the régime of the " Futures " market with the object of safeguarding it against speculative manœuvres, and ensuring more efficient control ; modification of the régime of the " Spot " market, and a draft law prohibiting the sale of cotton without fixing the price ; and a co-operative scheme for agricultural credit to organise the marketing of the cotton crop.

Cotton Congress.—Official delegations from Austria, Belgium, Czechoslovakia, France, Germany, Great Britain, Holland, Hungary, Italy, Jugoslavia, Norway, Spain, Sweden and Switzerland, and locally appointed delegates for Brazil, Japan, and the U.S.A., attended the Seventeenth Congress of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, held in Egypt from January 25th to February 5th, 1927, under the patronage of H.M. King Fouad I. Lectures were given on work on cotton by the Royal Agricultural Society, the Cotton Research Board, and the State Domains, and conferences were held on the following subjects :—

- (a) Recent work on the improvement of Egyptian cotton by seed breeding.
- (b) Cottonseed distribution.
- (c) Destruction of pink boll worm in cottonseed.
- (d) Commercial history of Egyptian cotton.
- (e) Economic problems relating to Egyptian cotton—cost of handling, production, and manufacturing, etc.
- (f) Government crop forecasts and the crop recording system.
- (g) Irrigation and drainage system in Egypt.
- (h) Aims and objects of the Alexandria General Produce Association.
- (i) Organization of the Royal Bourse in Alexandria.
- (j) System of cotton purchase in the interior and the ginning of cotton.
- (k) Spinners' complaints in relation to Egyptian cotton.
- (l) Defects in yarn and cloth.
- (m) Reply to spinners' complaints.
- (n) Review of meetings held in Egypt.

Various Resolutions were passed, of which the following is a *résumé* :—

- (a) The Congress hopes that the competent authorities will continue to make every effort to improve the quality and increase the yield of Egyptian cotton, and to maintain and improve the drainage system.

(b) The Congress favours the formation of a Permanent Joint Committee of seven representatives each of Egypt and the International Cotton Federation for the consideration of any problems relating to Egyptian cotton.

(c) *Spinners' Complaints.*

Humidity.—The delegates urge upon the cotton merchants of Alexandria who are parties to the agreement prohibiting them under penalty of a fine to sell cotton with a maximum degree of moisture, to abolish this agreement.

Foreign Impurities.—In view of the increasing amount of impurities found in Egyptian cotton, the delegates respectfully request the cotton merchants of Alexandria to use every effort towards the elimination of this very grave peril.

Different varieties of Cotton in the same Bale.—The delegates draw the attention of the cotton merchants of Alexandria to the disadvantages resulting from mixing cotton of different varieties in the same bale and request them to take drastic action to prevent such mixture.

(b) **Trade and Industry.**—The sugar industry (*see* p. 16), and more particularly the manufacture of Egyptian cigarettes, (*see* p. 16), have come in for special attention, but the tendency both of the commercial legislation enacted and contemplated (*see* pp. 37–88) and of the proposals for the future modification of the Customs tariff and régime, is to encourage local industry at large.

(c) **Customs Tariff Reform.**—Herein the policy of the Government is also dictated by the desire to increase revenue, and although the special commission appointed by a decision of the Minister of Finance on November 22nd, 1926, to co-operate with the Economic Council has not yet completed its investigations, it is generally foreseen that, when Egypt regains her fiscal freedom on the expiry on February 15, 1930, of her commercial convention with Italy, the present *ad valorem* duties will be largely replaced by specific duties and the customs tariff will become frankly Protectionist. The *Association des Industries Egyptiennes* is, naturally, doing its utmost to encourage this policy. In December, 1926, it addressed an appeal to both Houses advocating the reform of the customs régime on lines that will, on the one hand, encourage the importation and discourage the exportation of all raw material and fuel that can be used by local industry; and, on the other, prevent the dumping of foreign manufactured goods. A definite step in this direction had already been taken on August 19th, 1926, in the form of a regulation by the Minister of Finance, exempting a large variety and number of locally made products from customs and quay dues on exportation. Since then—*i.e.*, early in March, 1927—the Association submitted

a report to the President of the Parliamentary Finance Commission forestalling possible criticism of too rigid a Protectionist régime as being likely to increase the price of manufactured goods to the ultimate consumer and thereby the cost of living.

(d) **Commercial Agreements.**—Several countries have sought to conclude commercial agreements with Egypt, on the basis of reciprocal most-favoured-nation treatment. In every case where negotiations have reached a definite result, the Egyptian Government has insisted on the conclusion of provisional arrangements, subject to renewal every six months, and, except in the case of Germany, Greece and Turkey, has refused to extend to the country concerned the privileges of the special customs tariff for imported tobacco, both leaf and manufactured.

(e) **State Finance.**—In the course of an interview reproduced in the local press on March 24th, 1927, the then Minister of Finance declared that the broad lines of the financial policy of the Egyptian Government in power from June 7th, 1926, to April 19th, 1927, had been :—

- (i) The safeguarding of the national fortune.
- (ii) The augmentation of the State's resources.
- (iii) The greatest possible reduction of general expenditure without adversely affecting the efficiency of the public services.

So far as possible these principles have dictated the framing of the budgets for the financial years 1926-27 and 1927-28.

Budget 1926-27.—The budget for 1926-27, which was finally approved by Parliament on September 16th, 1926, estimated expenditure at £E.39,360,000 and net receipts at £E.37,923,000, necessitating, in order to balance it, a draft on the Reserve Fund of £E.1,437,000.

On April 16th, 1927, in accordance with a law passed on December 31st, 1926, altering the date of the commencement of the new financial year from April 1st to May 1st, a special supplementary budget was introduced for the month of April, 1927, estimating receipts at £E.2,323,860 and expenditure at £E.3,187,833, the deficit to be met out of the budget surplus resulting from the financial year 1926-27 and estimated at £E.3 millions (*i.e.*, on March 31st, 1927).

Budget 1927-28.—In framing the budget for the financial year commencing May 1st, 1927, the fact that the estimated draft on the Reserve Fund of £E.1,437,000 in the budget for 1926-27 had been converted by December 31st, 1926, into a credit balance which then stood at £E.4,391,000, and which was estimated to produce sufficient by March 31st, 1927, to increase the Reserve Fund to £E.33 millions, was a secondary consideration as compared, on the one hand, with the effect of the economic depression on customs and railway receipts, land registration fees, and the sale of Government land, and, on the other, with the heavy drafts on the Reserve Fund that actual and future new works, such as

the projected enlargement of Alexandria harbour, large irrigation works and railway construction, will entail. A sum of £E.13,000,000 is already earmarked for major works.

The effect on gross customs receipts during the financial year 1926-27 will be clearly seen from the table given in the text on page 36. So far as gross railway receipts are concerned, it is of interest to note that, although they totalled only £E.5,230,270 for the first three quarters of the financial year 1926-27, as compared with £E.5,470,370 for the corresponding period in 1925-26, their total for the calendar year, 1926, viz., £E.7,146,404, was only £E.129,516 below that for 1925. It must, however, be remembered that the decline in railway receipts for either period was not entirely due to the decreases in imports and exports, since they were to some extent affected by the reduction of freight rates granted to the sugar refinery.

The provisional budget for 1927-28, which has still to be approved by Parliament, estimates expenditure at £E.38,677,000 and net receipts at £E.36,223,000, necessitating a draft on the Reserve Fund of £E.2,454,000.

GENERAL FINANCE.

Banking.—It cannot be too often reiterated that, in spite of its unfortunate coincidence with the fall in cotton prices, the transfer on and from November 5th, 1926, of the activities in Egypt of Lloyds Bank (who had previously absorbed those of Cox's Bank and the Bank of British West Africa) to the National Bank of Egypt, was in no way connected with the so-called economic "crisis."

Cigarette Industry Merger.—On March 17th, 1927, the Eastern Company (a local *Société Anonyme*) decided to increase its original capital of £E.25,000 to 5 million £E, one quarter to be paid up, with the object of buying out the principal cigarette manufacturers established in Egypt. The Assembly which decided this was presided over by the Chairman of the *Société des Tabacs et Cigarettes Matossian*, who had decided a few days previously to treble their capital of £E.250,000.

Gold Franc Judgments.—Important decisions were given in February and March, 1927, by the Mixed Courts in connection with the actions brought by debenture and share holders in the two tramway companies of Cairo and Alexandria, and the *Caisse Hypothécaire d'Égypte*, to the effect that the Mixed Courts were not competent and without jurisdiction. There are numerous actions against foreign companies, whose centre of exploitation is exclusively in Egypt, for payment of interest and dividends in gold francs—instead of at the rate of exchange—still to be heard by the Mixed Courts.

Stocks and Shares.—These law suits have naturally led to a good deal of speculation; but the tone of the market was

firm and healthy throughout 1926, and withstood to a surprising degree the worst fluctuations in cotton prices.

Comparative quotations of the principal stocks and shares are given in Appendix XII.

II.—TRADE.

IMPORTS.

Causes of Decline.—As a result in the main of the effect (a) on imports from Great Britain, both of manufactured goods and of coal, of the seven months' coal stoppage in 1926, (b) on imports from Italy of the appreciation of the lira, and (c) on the demand for cereals of increased local production, the total imports declined from £E.58,224,895 in 1925 to £E.52,400,059 in 1926. A glance at Appendix I will show that the categories in which the chief decreases occurred are cereals, flour, etc., wood and coal, and yarns and textiles. In the case of cereals, the decrease of £E.1,149,000 was chiefly accounted for by a decreased demand for wheat, wheat flour and maize; in the "wood and coal" category coal accounted for £E.275,000, railway sleepers for £E.120,000 and timber for £E.104,000; while of the total decline of £E.4,334,000 in the value of yarns and textiles, the five categories of cotton piece goods dealt with in Appendix III accounted for £E.3,015,000, of which the United Kingdom was responsible for £E.2,188,500, and Italy for £E.841,000. In other words the decreases in these three categories are not properly attributable to the decline in purchasing power that the relation between exports and imports would appear to indicate. In the first place, the combined decreases in question more than account for the total drop in imports of £E.5,824,836. Secondly, a decline in purchasing power is not easy to reconcile either with substantial increases in spirits, beverages and oils, metals and metalware and tobacco, or with the fact that more than half of the chief suppliers of Egypt's requirements have increased their exports to that country. In this connection it will be seen from Appendix II that, taking a minimum contribution of £E.900,000 as the qualification to rank as one of the chief suppliers of Egypt's requirements, eight of the fifteen countries so classified shows increased exports to Egypt.

British Trade.—The coal stoppage led to an appreciable decrease in imports from the United Kingdom into Egypt in 1926, the percentage of the total falling from 25·2 in 1925 to 21·8 in 1926. The Empire's percentage of the imports amounted to 38·0 in 1925, and to 33·3 in 1926, the percentage for the rest of the Empire (other than the United Kingdom) being 12·8 and 11·5 respectively. The decline in the actual contribution of the rest of the Empire from £E.7,477,523 in 1925 to £E.6,054,459 in 1926 was chiefly due to the decreased imports of wheat and wheat flour from Australia and British India, and, in the case of the latter country, also of other cereals, jute, piece goods and cotton yarn.

Sugar.—Two outstanding examples of the effect on trade and industry in Egypt in 1926 of Government support, other than direct financial intervention, are afforded by sugar and leaf tobacco. In the case of sugar, the result of the assistance (*cf* page 10 of Report dated June, 1926) given to the French company which, in the absence of competition of a more serious nature than that of small native factories, enjoys a practical monopoly of sugar refining in Egypt, is that imports of raw cane have dropped from 21,259 metric tons in 1925 to nil in 1926, and of refined cane from 19,603 tons to 5,373, while the import of beet sugar, which amounted in 1926 to 50,665 metric tons, was only 8,778 metric tons in excess of 1925.

Tobacco.—So far as leaf tobacco is concerned, the steps taken by the Egyptian Government (explained on page 10 of the Report dated June, 1926) to raise the quality and restore the reputation of Egyptian cigarettes by discouraging the admixture of large quantities of cheap and inferior leaf from China and Japan, instead of concentrating on the better quality and more expensive Greek and Turkish growths, have been abundantly justified, judging by the following comparison between the quantities imported from the four countries in question in 1925 and 1926 :—

				Kilogs. 1925.	Kilogs. 1926.
China	..	..	..	2,262,078	1,113,361
Japan	..	..	..	1,287,678	622,906
Greece	..	..	..	1,904,244	3,006,510
Turkey	..	..	..	546,703	1,642,515

Competition.—Italy has fallen from the position of the United Kingdom's nearest and keenest competitor, to third place, the second position having been taken in 1926 by France. The effect on the Italian percentage of the imports was a decline from 10·53 in 1925 to 8·7 in 1926. This is explained in detail in the remarks on cotton piece goods and other textiles.

The eight countries referred to above as having increased their exports to Egypt are arranged in descending order of their 1926 totals; France, Germany, U.S.A., Belgium, Roumania, Turkey, Czechoslovakia and Greece. (*See* Appendix II.)

Coal.—Owing to the 7 months' stoppage in the United Kingdom the total imports of coal into Egypt fell considerably, as will be seen from Appendix IV. The coal imported into Egypt for commercial and industrial purposes during the stoppage came from Germany, India and South Africa, and one shipment arrived from Australia just after the dispute had terminated. The Egyptian State Railways ordered quantities of coal from the U.S.A. during the strike, which accounts for the increased imports from that country. Stocks were, however, kept low in the hope of the stoppage ending, since a very large proportion of the foreign substitutes for United Kingdom coal was of very inferior quality. The German and American coal, which was supposed to be a substitute for Cardiff, failed to give satisfaction. There

are considerable stocks of Russian coal in the country, but sales do not seem to be frequent in spite of the fact that it claims to correspond to Cardiff, and is quoted at P.T.165 per ton f.o.r. as against Cardiff quotations of P.T.184 and P.T.189 at Port Said.

Imports of patent fuel increased from 50,447 metric tons in 1925 to 56,867 metric tons in 1926, of which Germany furnished 47,769 metric tons, representing more than double her share of the trade in 1925. The value of the total imports in 1926 was £E.110,181, of which she secured some 90 per cent. A considerable quantity of briquettes is produced from imported materials by the one local factory at Port Said, so that the importers of these products have to quote prices that will compete with the local industry.

Iron and Steel Goods.—Total imports of iron and steel manufactured goods rose to £E.2,854,939 in 1926, from £E.2,446,833 in 1925, but this apparently healthy advance must to a certain extent be qualified by the consideration that an appreciable portion consisted of deliveries of material ordered by the Egyptian Government in 1925, and in some cases in 1924. The largest proportion of these deliveries was in respect of orders by the Egyptian State Railways for replacement of material in accordance with their abnormal renewals programme.

As usual, builders turned to Belgium, France, and to a lesser extent, Germany, for their steel requirements, so that the United Kingdom's share of this trade is insignificant. The satisfactory figures representing her share of the trade under such headings as constructed or partly constructed iron or steel works, girders and joists, rivets, bolts and nuts, sheets and plates, etc., consists almost entirely of material for the construction at Dessouk of a 10 span railway bridge by Dorman Long and Co., Ltd., who achieved an engineering triumph in fulfilling in the short space of less than thirteen months, a contract involving the demolition of the old bridge, the erection of the new one, and the recapping of thirteen piers, and this in spite of the appalling obstacles occasioned by the coal stoppage. The new bridge is 610 metres long; 3,600 tons of steelwork were used in its construction, and about 300,000 rivets were put into it. The firm had contracted to carry out this work in twelve months, and although the date of its actual completion, viz., January 3rd, 1927, represented 28 days beyond the specified time, this overtime cannot be counted against them, as it was solely due to delay resulting from damage to a pier caused by a collision with river craft. They are therefore fully entitled to claim that they completed this contract in the time guaranteed by them, which is so short for an undertaking of this nature that, when they secured the order at the end of October, 1925, not only their rivals, but also their friends, were all convinced that it was a sheer impossibility. It therefore redounds all the more to the credit of the firm that they should have so successfully carried out, under the abnormal

circumstances engendered by a seven months' coal stoppage, an undertaking which was generally considered to be beyond the power of any firm even under normal conditions. This wonderful engineering feat, affording as it did such signal proof of what a British firm are prepared to do in order to keep their word, created a most favourable impression in Egypt and considerably enhanced British industrial and commercial prestige. At the same time, it completely justified the foresight of the Egyptian Government in entrusting to a British firm an undertaking the early completion of which meant a saving to the railways on the cost of a ferry. This saving more than compensated for the difference in price between the British tender and the Continental offer which was the lowest submitted, but which quoted three years for delivery.

Imports from all sources of constructed or partly constructed iron and steel work were valued at £149,601 in 1926, as compared with £73,178 in 1925. The British shares of these totals were respectively £86,114 and £28,872, whereas Belgium supplied only £19,525 and France £17,869. A certain quantity of material required for the construction of the new station roof at Alexandria—the contract for which was obtained by a Belgian firm—has been arriving; but it is understood that the completion of this work will be considerably overdue.

Several local works construct small iron bridges spanning the smaller canals; but otherwise, the majority of the minor bridging contracts are usually secured by Belgian or French firms at low prices. Austrian material is, however, also penetrating the market.

As regards non-galvanized sheets and plates, Belgium remained the largest supplier with a reduced import in 1926 as compared with 1925 of £59,198, but the United Kingdom strongly challenged this supremacy with an import of £36,524, representing a five-fold increase in value over British imports in 1925. France increased her share of the trade slightly in value and considerably in volume during 1926, but German competition declined. As before stated, the greater part of the import from the United Kingdom was in respect of Egyptian Government orders, but it should also be said that, for good marine work, United Kingdom plates and sheets, particularly of 12 feet by 6 feet, and sometimes 16 feet, are always preferred, although the Belgian quality satisfies ordinary market demands. A certain quantity, for use as ships' hulls, is turned out locally.

The United Kingdom remained predominant in the supply of such lines as iron or steel hoops and strips, galvanized iron pipes and fittings, wire rope, hollow-ware, tinplate of all kinds (except for petroleum tins of which the import from U.S.A. was slightly higher), studs for cotton bale hoops, tool steel, safes; but competition from the Continent in most of these categories has been very much on the increase.

Owing to the expenses connected with galvanizing on the Continent, United Kingdom firms have hitherto enjoyed a good trade in Egypt. Although recently imports from Belgium have increased, particularly in sheets, this advantage, as in most other lines in which foreign firms made headway at the expense of United Kingdom manufacturers, is chiefly attributable to the results of the coal stoppage.

Deliveries of Egyptian State Railway material, other than rolling stock and locomotives, which are dealt with under the heading of "Machinery," afford further evidence of a highly creditable share and performance on the part of United Kingdom firms in spite of the coal stoppage. For instance, the British share of total imports of steel rails and sleepers has risen from £E.29,048 to £E.299,315, and from less than one-fifth to nearly 70 per cent. Imports from Belgium and France increased, but German deliveries fell to less than one-fifth of their 1925 total.

Again, the United Kingdom share of the total imports of axles, wheels and springs, which were valued at £E.107,151, as compared with only £E.48,713 in 1925, rose from £E.13,896 to £E.54,097; German deliveries remaining almost constant at £E.22,153.

When considering figures of import of railway material of all kinds, it must always be borne in mind that these statistics, which are based on customs returns, only serve to indicate the actual extent of deliveries during a given period, and do not necessarily signify the actual business done.

Imports from Great Britain of copper and brass sheets, though still in the premier position, declined in volume and in value during 1926, whereas German competition increased appreciably. Total imports fell from £E.414,696 to £E.302,624, of which the United Kingdom's share amounted to £E.129,799 and that of Germany to £E.104,181.

Imports of radio and wireless apparatus, which appears for the first time as a separate entry in the Customs returns, amounted to £E.1,859, and of telegraph and telephone parts, including wireless, to £E.70,172. France supplied most of the first category and the bulk of the second was divided between the United Kingdom (£E.34,592) and Sweden (£E.30,450).

The value of telegraph and telephone apparatus fell from £E.121,227 in 1925, of which the United Kingdom's share was £E.92,429 and Sweden's £E.22,368, to only £E.30,400 in 1926. In the latter year the positions of the two chief competitors were, however, reversed, Sweden contributing £E.17,810 and the United Kingdom £E.10,652.

Machinery.—With very few exceptions, business in all lines of machinery suffered a reaction in 1926, following a comparatively good season in 1925. Merchants on the whole are

still experiencing difficulty in regard to encashments, but generally speaking the opening of 1927 showed signs of a slightly awakening market.

Compared with imports for 1925 of machinery, other than transport vehicles, the value of deliveries to Egypt during 1926 declined by over 20 per cent., and total imports of agricultural machinery from all sources fell by about one third.

The sale of steam plant (portable and ordinary steam engines) has fallen away during the past 3-4 years to almost nothing, practically all the engines of this type in use in Egypt being now oil driven.

Of a total import in 1926 of 1,693 stationary internal combustion engines valued at £E.425,014, as compared with 2,656 worth £E.649,675 in 1925, the United Kingdom supplied 1,000, worth £E.215,065, as compared with 1,757 (£E.371,488) in 1925. The share of Germany, her nearest competitor, fell from 574, worth £E.122,589 to 445 (£E.115,063). Swiss imports decreased from 234 valued at £E.135,257 to only 65 worth £E.55,139. Italy, France and Belgium, however, increased their respective volumes, though prices were lower than in 1925.

Practically all buyers, apart from the Egyptian Government, demand greatly extended credits, but some United Kingdom firms have not subscribed to these conditions of business, chiefly owing to difficulties in effecting encashments. Continental firms, on the other hand, irrespective of nationality, offer extended credits, in some cases on an exaggerated scale. A recent example of this was afforded by a sale by an Austrian firm, who allowed 5 years credit. In general, prices of Continental material have been lower than those of corresponding United Kingdom goods; German prices both in the general market and for Egyptian contracts, have in most cases been quite 20 per cent. below United Kingdom quotations. In spite of these facts and of the difficulties caused by the coal stoppage, United Kingdom trade has given proof of surprising tenacity, and it is satisfactory to note that the present indications point to a slight revival in trade if only British manufacturers can quote competitive prices and offer facilities in cases where they are suitably represented. Much depends upon good and reliable representation, but when this is available, United Kingdom manufacturers could often safely collaborate on more generous lines than has hitherto been the case in this kind of business.

The value of imports of power pumps into Egypt during 1926 declined slightly, being £E.106,309 as against £E.111,136 in 1925. The United Kingdom continued to predominate in the supply of this form of machinery, her share amounting to £E.48,214 as compared with £E.52,196 in 1925. France, her nearest competitor, supplied goods to a value of £E.23,534, which represents an increased trade of £E.2,700 over 1925, and, owing to the low

prices asked, a considerable increase in volume of business. (Statistics of engines and pumps from the United Kingdom do not include pumping plant and motors ordered in connection with a Government contract valued at some £E.53,000 for the Main Drainage Department at Amria, as this material, though ready well within the time specified has, by order of the Egyptian Government, not yet been shipped owing to the fact that the building for housing it had not been completed by the end of 1926 by the Continental contractors concerned).

German deliveries, which amounted to £E.15,405 in 1926, declined somewhat, as did also Swiss and American imports. Austrian trade increased slightly, but this competition is not yet important. An Hungarian firm, however, obtained an important Egyptian Government contract during the year for the erection of a power plant at Mex in connection with a conversion and extension contract, which had been previously secured by a German firm at a very low price.

The Egyptian Government has of late shown a tendency to purchase supplies in the light rather of their first cost than of any other consideration. This policy, which may well turn out to be an expensive one, may continue until it is upset by the logic of experience.

In the meantime, it cannot be too strongly urged that the only safe course for United Kingdom manufacturers to pursue is to continue to maintain at all costs the reliability of their material, of whatsoever nature it may be.

It is satisfactory to note that the United Kingdom's share, viz., £E.82,954 of the total imports of sewing machines and parts amounting to £E.92,493, represents an increase of over 10 per cent.

The Technical, Industrial and Commercial Education Department of the Egyptian Government have recently placed orders in Germany for the supply of printing machinery. The usual German light machines which are sold in the market at very low prices and on easy payment terms are of little use for printing or producing sheets of varied colours which must be done on substantial machines. The best linotype machines are imported from the United Kingdom and it is a matter for some satisfaction that an important order has recently been placed in the United Kingdom by a local bank for the supply of an eight-magazine machine, which will be by far the largest of its type in Egypt.

Total imports of electrical machinery declined from £E.165,354 in 1925 to £E.152,424 in 1926. France remained the largest supplier with a decreased import of £E.41,229, but Germany has now usurped the second place from the United Kingdom with a total of £E.30,727; the United Kingdom's share of the trade being only £E20,555.

The A.E.G. have now established their own offices in Egypt and have been underquoting other German firms for Egyptian Government contracts.

Italian, Swiss, American and Belgian competition increased during the year.

Of a total import of rail locomotives amounting to 69, valued at £E.355,116, as compared with only 38 worth £E.52,290 in 1925, the United Kingdom supplied 40 valued at £E.232,177; Germany 22 worth £E.88,314, and France 7, worth £E.34,625. The important increase in the import of rail locomotives is almost entirely due to orders placed by the Egyptian State Railways, whose orders also account for the large increase in the number and value of railway wagons and carriages imported in 1926. Out of a total of 1,045 worth £E.592,927 as compared with 351 valued at £E.105,947 in 1925, the United Kingdom supplied 324 worth £E.240,313. Of the balance, supplied entirely by Continental firms, a considerable proportion consisted of material ordered in 1925, and overdue, so that the United Kingdom has every reason to be proud of her record in the matter both of her share in Egyptian State Railway orders in 1926, and of delivery in spite of the difficulties caused by the coal stoppage.

Of the total import of steamships and launches valued at £E.139,393, the United Kingdom supplied £E.129,341, and out of a total import value of motor vessels amounting to £E.18,567, the United Kingdom furnished £E.13,160.

These figures include the handsome river yacht supplied to His Majesty the King of Egypt, and two coastal vessels for the Egyptian Government, in each case by an United Kingdom firm.

Motor Vehicles and Motor Cycles.—The continual increase in motor traffic throughout the country, and the opening up of new roads, have naturally had their effect upon imports of motor vehicles; but this development of trade was somewhat retarded by commercial depression during the year under review. It is, however, anticipated that the market for motor vehicles will recover shortly, although consumption will probably tend to favour the cheaper lines in most cases until normal financial conditions are more widely prevalent in Egypt.

The recent formation of desert touring clubs, the many private expeditions, most of which have been undertaken by British residents in Egypt in light cars of British manufacture, and the proposed extension of motor services between Port Said and Kantara, with the object of saving travellers to and from Palestine nearly three hours, owing to trains not connecting, are eloquent of the local desire to encourage motor-road traffic.

Exclusive of tractors, the total number of motor vehicles imported into Egypt during 1926 amounted to 4,762, of a value of £E.747,024, as compared with 5,491 worth £E.764,423 in 1926.

The U.S.A. was the chief contributor, with 2,421 vehicles, valued at £E.262,144, consisting for the most part of Ford products, with a fair sprinkling of more expensive cars, and representing a decrease of 1,043 in number and £E.37,600 in value, as compared with 1925. United Kingdom imports amounted to 270, valued at £E.61,172, compared with 302, worth £E.73,618, in 1925. Italy's contribution was 1,156, valued at £E.222,589, which constitutes an increase in numbers of 132, and in value of £E.2,104 over 1925. French imports also increased, viz., to 752 valued at £E.167,504, from 648, worth £E.154,171. Belgian imports—which were mostly confined to Minerva cars—increased; but so far this competition cannot be looked upon as formidable.

It is satisfactory to note that imports of motor-cycles from the United Kingdom, increased in number, although values were very slightly reduced. Out of a total import of 241 valued at £E.11,351 the United Kingdom supplied 168, worth £E.7,983. Imports from all sources declined in value by £E.1,463, as also from the United Kingdom's chief competitors France and Germany. It is a point of interest that while competing countries are stocking their agents fairly heavily in proportion to the market demands, United Kingdom products appear to sell much more steadily.

This is, unfortunately, not the case with the British motor-car and lorry trade. It is true that many United Kingdom motor manufacturers have at last awakened to the necessity of making some kind of concession to the peculiarities of the Egyptian market, but in general the British exporter has yet to make a much greater effort to satisfy local demand and adjust himself to local requirements before he can really hope to do more than hold a small section of this market in the face of the determined and enterprising methods adopted by leading foreign competitors.

While always advocating a policy of extreme caution when dealing with the Egyptian market, which admittedly requires very special treatment, it must nevertheless be urged that it is not by methods such as the following that United Kingdom manufacturers can hope to make any headway in Egypt :—

(A) Offering cars to local agents (frequently British firms of good repute) on the system of cash against documents, when the latter have to face competition supported by extended credits and easy terms in cars which, in many cases, are just as, if not more, popular in this market.

(B) Expecting the agent to bear all advertising and demonstration expenses.

(C) After leaving the agent to break into the market unaided—in itself a matter of some difficulty—to suggest to him, if he is not entirely satisfied with his principals' unnecessarily onerous conditions, that he might apply to one of the well-known car distributors for his requirements. There is no objection to this course so long as the agents' discounts and commission do not suffer in consequence, but it is not encouraging for a conscientious and

energetic firm to be informed in so many words that their principals do not desire to maintain the personal contact which often means so much abroad.

(D) Insisting on a guaranteed minimum of sales per year and penalizing the agent if he falls short of this through no fault of his own.

It is not for a moment suggested that United Kingdom motor manufacturers in general are inclined to adopt the methods of business described above, but their use even to a limited extent, cannot fail to prejudice competition by the particular cars concerned, if only by discouraging reliable firms from having anything to do with them.

The first International Motor Show, held in Cairo, in February and March, 1927, though on a comparatively small scale, is indicative of a desire on the part of Egypt to encourage the local motor import trade. Unfortunately the number of exhibits was not at all representative of the United Kingdom industry in particular or of competing countries in general, and the number of visitors to the exhibition was comparatively small. It is, however, hoped that the next Motor Show, projected for 1928, will be managed on lines that will attract and encourage manufacturers on a large scale.

The application of the proposed police regulations governing the dimensions, design, and solidity of public motor-buses in the towns should prove an opportunity for the sale of British motor-buses and chassis, provided that prices are competitive, as the flimsy makeshift vehicles now so generally in use will ultimately be withdrawn by order.

The market has not been so disappointing as would appear from reduced imports, since inquiries for United Kingdom light car models have increased considerably during the past two years. During the 1926 season, however, United Kingdom manufacturers have lost orders in some cases owing to their inability to deliver within the period desired by the purchaser, and it is to be regretted that there is apparently only one firm of British light car and lorry manufacturers who seem to be able to meet local demands. Business in the more expensive models is naturally very much slower, and foreign competition is keen. For the best models there is always a certain, though restricted, market in Egypt.

Imports from the United Kingdom of spare parts for motors, motor-cars, motor-cycles and bicycles remained practically constant at £40,750 in 1926, out of a total import of £221,919. The U.S.A. retained the premier position with an import value of £98,241 (presumably including parts required for the Ford assembling works at Alexandria), while imports from France amounted to £39,485, from Italy to £24,355, and from Germany to £17,137.

Bicycles.—The total imports amounted to 3,026, valued at £E.12,018, compared with 2,061, worth £E.9,294, in 1925. During the year under review French competition increased appreciably, with the result that that country again heads the list of suppliers to this market with an import of 2,017, valued at £E.7,423, as compared with 981, worth £E.4,364, in 1925. Imports from the United Kingdom in 1926 were only 580, worth £E.2,534. A glance at these values will, however, show how low were the prices asked by French firms. Italy contributed 224, valued at £E.1,296, but only 84 came from Germany.

Cotton Piece Goods.—The outstanding feature in the cotton piece goods trade has been a marked decrease in volume and value of imports, due primarily to the coal stoppage and the appreciation of the lira, and to some extent to the decline in the purchasing power of the Egyptian consumer as a result of the depression in raw cotton prices. As the great majority of the population is directly or indirectly dependent upon a healthy cotton export trade, encashments were most difficult during the year under review. Contributory reasons for the decline in imports of textiles have been the following: general weakness of demand as a result of lack of confidence and tightness of the local money market; wide fluctuations in Continental exchanges; restriction of credits and forced liquidations; decline in cloth valuations in producing countries.

There were 18,561 bales and cases in the bonded stores on January 1st, 1926, but, although they were reduced to 13,972 by the end of the year, replacements were slow. As is only to be expected when the market is overstocked and prices are declining, sellers were numerous and reckless, with the result that sales on long credit terms were frequent and heavy discounts and cut prices were offered. The retailer was at no period of the year an anxious buyer and offered no inducements to the ultimate consumers.

The better class dealers purchased only their immediate requirements, while the smaller buyers fell to the temptation offered by extravagant credit terms, with fatal results. In spite of these unsound methods of business so widely adopted, there were more goods for disposal than the market could normally absorb. The effect of this state of affairs was that many importers who had experienced a bad year's trade feverishly endeavoured to reduce their outstanding accounts by insisting on settlement without further respite, with the inevitable result that numerous failures and "concordats" took place. Frequent demands were made by dealers for extension of their credit terms, and in cases that warranted such treatment reputable importers, when in a position to do so, extended what facilities were possible; but it had already been realised that credits in many instances were too extended, and that if the greater part of such credits were

renewed for another year importers would naturally have to restrict their sales in so far as these accounts were concerned.

Merchants and manufacturers were both disheartened as a result of the year's trading, but it is a matter for some satisfaction that present indications all point to a steady revival and improvement of the Egyptian market, though nothing in the nature of a boom can be expected.

United Kingdom trade in 1926 was considerably less than in 1925 owing to the heavy stocks that had already accumulated in the country, but during the last two months or so conditions have very much improved in so far as business with Lancashire is concerned. In fact, stocks in the bonded stores are now so low that many qualities need replacement ; but, unfortunately, owing to the continued tightness of money and lack of confidence resulting from the many failures of last year, merchants are delaying placing large orders for the present. On March 17th, 1927, stocks in the bonded stores had been reduced to 10,825 bales and cases. The goods in bond invariably include some 4/5000 bales or cases containing goods unsuitable for the Egyptian market.

The elimination of many firms of weak standing must tend towards sound, if steady, business in the future, and this condition will react most favourably on United Kingdom trade, in view of the fact that the great majority of the really sound and reputable importers of cotton piece goods have dealt with Lancashire for years and are most unlikely to deviate now from their old business connections.

The total import into Egypt of cotton piece goods, dutiable on the basis of weight per square metre, in 1926 amounted to 168,590,910 square metres, worth £E. 5,279,428, as against 233,293,546 square metres, valued at £E. 8,294,209, in 1925. Detailed statistics of these imports are given in Appendix III (a) and (b), from which it will be seen that the United Kingdom supplied in 1925 as much in quantity as the total import from all countries in 1926, and that her share declined from about 72 per cent. of the cotton piece goods trade in 1925 to about 66 per cent. in 1926. Although merchants are not hurrying to replace stocks in bond, it is nevertheless encouraging to note that buyers in such lines as bleached, dyed in the yarn, dyed in the piece, and printed goods, are again looking to the United Kingdom for their supplies of qualities for which Italy has held the market for the last two years, and are sometimes obtaining the British article at competitive prices.

A notable feature of the year's trading has been the steady decline in the severity of Italian competition, particularly in articles dyed in the piece. The reduction in volume of the total dyed in the piece imports amounts to 27·5 per cent., but while the United Kingdom's share of this trade declined by about 20 per cent., the reduction in Italian imports was approximately 45 per cent.

The loss in Italian trade may mostly be attributed to the following causes :—

- (a) The appreciation of the lira, which resulted in losses to Italian manufacturers and local importers alike.
- (b) The restriction of banking facilities and the reduction and general drawing in of credits by the banks have proved more detrimental to Italian trade than to United Kingdom houses, because the smaller importers, who are the main distributors of Italian products, have been hard pressed to reduce their liabilities to the banks, and have lacked the necessary means to finance further commitments with Italian manufacturers.
- (c) The policy of Italian firms and their agents of granting extended credits to firms of weak financial standing resulted, as was to be expected, in numerous local failures, and although the agents are still granting extended credits, they are quoting in sterling or gold francs.
- (d) Many local firms who have traded with the United Kingdom and with Italy have found that, in general, stocks of British goods depreciate less in price than corresponding Italian wares, with the result that Italian goods lost much of the favour that they had previously enjoyed.

Although prospects at the close of last season were decidedly gloomy, the last two months have been much brighter as far as United Kingdom trade in piece dyed goods is concerned. Removals from the bonded stores are particularly active in these lines and United Kingdom manufacturers are in some cases able to offer quotations which are within 5 per cent. of Italian prices for corresponding styles, very often much inferior in quality. While United Kingdom trade in bleached goods suffered heavily, partly owing to general market depression and still more to Japanese competition in greys, Italian business declined very considerably. Belgian supplies in all categories of bleached goods, though relatively unimportant compared with British and Italian trade, increased nevertheless in volume and in value. The result of the interplay of these factors was that the total trade in bleached goods during 1926 as compared with 1925 represents a decline in import trade of 30 per cent. in volume and 43 per cent. in value. Although the proportionate decline in the British share of the value of printed goods was greater, and as regards the volume lower, than that of Italy, her nearest competitor, it is probable that in spite of difficult encashments, British losses resulting from the numerous failures in which stocks of printed goods were chiefly concerned, were much less severe than those of Italy. In light printed goods United Kingdom imports were actually greater in volume as well as value than in 1925, while Italy's share of the trade decreased in both respects, the only notable advance being to the credit of France, whose share increased by as much as 937,202 square metres. The total import trade in this category of printed goods rose in volume from 9,513,884 square metres in 1925 to 10,353,472 square metres in 1926, but the corresponding value fell from £E.448,518 to £E.413,183. While the United Kingdom retained her position as the most important supplier of heavy printed goods, in spite of her share falling from 26,073,761

square metres, worth £E.1,117,290, in 1925, to 17,927,500 square metres, valued at £E.658,854, in 1926, Italy's decline in this trade was proportionately much greater, her share having decreased from 5,635,256 square metres, valued at £E.256,829, in 1925, to 3,107,560 square metres, worth £E.117,119, during the year under review. Czechoslovakian competition, which was confined to heavy printed goods, was noticeable during the year, her share of the trade having risen from 421,634 square metres in 1925 to 906,762 square metres in 1926. Although extended credits and exaggerated discounts have been allowed by Czechoslovakian firms, present indications point to an increasing desire on the part of buyers to turn to Lancashire for their requirements. The principal factor in Czechoslovakian competition was "raised backs," which are returning to popularity in the place of the Italian coloured woven goods such as qualities known as "Scotch." The United Kingdom's keenest competitors in "raised backs" are at present Holland and Austria, but owing to the fact that accurate statistics of imports from Dutch factories are not available, it is difficult, except by actual observation of the market, to gauge the full extent of this competition from Holland; Austrian imports of light and heavy printed goods rose from 231,891 square metres in 1925 to 311,598 square metres in 1926. The Dutch factory on the German frontier at Gronau and the Rosenthal Works at Vienna are both making great efforts to cut into the trade in printed goods, and their representatives are always early in the field with their samples and quotations for the forthcoming season.

French imports of both categories increased considerably as did also those of Belgium, and on a small scale those of Germany, but it is possible that a number of orders executed by the Dutch factory above referred to have been included in official statistics as being of German origin.

The trade in flannelettes, though popular for a time, has fallen away considerably of late.

Japanese competition in greys, both light and heavy varieties, continued with increasing strength during 1926, but it is particularly in the heavy grades of over 110 grams that this competition has been so severe. Its strength may be gauged by the fact that the total yardage of Japanese "cabot" imported into Egypt during 1926 amounted to 40 per cent. of the total grey trade. This material is becoming increasingly popular; many natives now prefer to wear their galabiehs made of this material unbleached. The result is that several qualities of United Kingdom bleached articles have been eliminated, and the market for bleached goods remains overstocked. A number of wearers of Japanese "cabots" prefer to have the material dyed locally in the grey. Formerly the fellah paid as much as P.T. 7 per metre for "Argentinas" or cotton coatings, from which to make his galabieh, but with the advent of the Japanese "cabot"

he now pays only P.T. 2-3 per metre. Japanese quotations are considerably below those asked by any other country for heavy greys, and, apart from this advantage, Japanese firms consolidated their trade during the past year by an arrangement with the Yokohama Specie Bank by which the latter, on receipt of bills in Kobe, paid a large proportion of the manufacturer's invoice. Under this system, which in reality amounts to indirect credit, the documents are sent to the Bank's branch in Alexandria, which in turn makes arrangements with clients as regards credit. More recently, however, Japanese exporters have not needed to offer credit facilities as far as "cabots" are concerned, because importers are willing to pay cash owing to insistent local demands for this article. The following figures of imports of heavy greys illustrate the foregoing statements :—

From	Square metres.		£E.	
	1925.	1926.	1925.	1926.
Japan	13,282,490	14,652,099	412,948	381,214
United Kingdom	5,995,684	3,864,808	161,150	86,713
All countries	19,836,223	18,788,452	590,295	474,848

The total import into Egypt of light greys during the year under review amounted to 16,148,364 square metres, valued at £E.216,376, compared with 35,404,095 square metres, worth £E.547,888 in 1925. The United Kingdom is still the most important supplier of these goods, such as Tanjibs, mulls, light grey shirtings, etc., although her share dropped to 16,002,634 square metres valued at £E.213,970 from the 1925 totals of 35,280,249 square metres and £E.545,382. On the other hand, Japan's share in 1926, viz., 114,020 square metres, valued at £E.1,892, is treble that of 1925.

Italy continued to occupy the premier position as supplier of cotton goods dyed in the yarn, but the decline in the value of Italian imports is much more marked than in the case of the United Kingdom. Italy supplied 15,346,462 square metres, valued at £E.592,532 in the heavier grades of over 110 grammes per square metre as against 19,245,897 square metres, worth £E.897,795 in 1925, whereas United Kingdom imports fell to 4,883,893, square metres valued at £E.182,082 from 6,339,619 square metres worth £E.278,795. While Belgian and Austrian imports of these heavier qualities also declined. Japanese imports, on the other hand, increased on such a large scale that her share rose from 77,136 square metres valued at £E.3,344 in 1925 to no less than 1,394,423 square metres, worth £E.51,015, during the year under review. One of the chief factors responsible for this marked increase in Japanese imports has been the success

with which " Japanese drill " has competed with United Kingdom and Italian " Zephyrs," but the greater part of this Japanese trade has been confined to the smaller importers.

Total imports of light grades of cotton piece goods dyed in the yarn amounted to 1,270,493 square metres, valued at £E.54,829, in 1926, compared with 1,788,810 square metres, worth £E.69,878, in 1925. The United Kingdom's share of this amounted to 906,846 square metres, valued at £E.39,644, which represents a decline in volume of 207,937 square metres, and £E.3,569 in value compared with 1925. Italian trade, however, decreased very much more in proportion; her share having fallen to 222,732 square metres, valued at £E.9,184 in 1926, from 610,771 square metres, worth £E.24,182, in 1925.

Local merchants of standing mostly agree that if the banks would restrict credits to a greater extent than they are in the habit of doing, business in all qualities of textiles would become very much sounder. Overtrading is the great fault of the Egyptian market, because when a slump comes it forces merchants to throw heavy stocks upon the market at ruinous prices. Furthermore, bankruptcies and " concordats " are so frequently resorted to in normal times as an easy way out of temporary financial difficulties, that a very great number of the failures which take place could easily be avoided if a little more determination and integrity were forthcoming.

Cotton Yarn, etc.—Imports of cotton yarn (grey and bleached) in 1926 amounted to 2,561,182 kgs., valued at £E.357,693, as against 2,947,199 kgs., worth £E.473,642, in 1925, and dyed cotton yarn imports totalled 76,268 kgs., worth £E.16,932, compared with 92,848 kgs., valued at £E.23,785, in 1925. British India remained by far the most important supplier of the first category and Italy of the second.

A slight decrease was observed in the import of sewing cottons into Egypt during 1926, total imports of these goods being valued at £E.247,612 as against £E.273,974 in 1925. The United Kingdom's share of this trade was £E.168,020, representing a decrease of £E.22,410 compared with 1925. Although the volume of Italian supplies increased considerably, there was a decline in value, while in the case of Belgium both value and volume decreased; the share of France, however, increased to £E.23,572, thanks to a marked increase in volume.

Total imports of mosquito netting returned by metre declined by 692,952 metres in volume and £E.32,520 in value compared with 1925, the figures for the year under review being 4,086,861 metres, valued at £E.117,301. France's contribution to the trade was 2,225,064 metres worth £E.69,394, representing an increase of no less than 1,056,127 metres in volume and £E.23,351 in value, as against the greater proportionate decline in British trade of 1,722,598 metres in volume and £E.54,054 in value, the United Kingdom having furnished only 1,814,997 metres worth £E.45,193 in 1926.

Owing to the appreciation of the French franc, competition from that country has recently diminished considerably. When the franc was greatly depreciated during 1926, French firms were able to quote prices from 20 to 25 per cent. cheaper than any United Kingdom quotations, but by the opening of 1927 prices had become more or less level for the first time in three years.

Although imports of cotton hosiery decreased by £E.75,641, Germany, the most important supplier of these goods, can boast an increase of £E.13,869, but Japanese imports decreased by no less than £E.59,931. Out of a total import amounting to £E.599,088, Germany's share was £E.192,502, that of Japan being £E.108,156, Italy £E.77,170, France £E.66,522, with Holland, the U.S.A., Czechoslovakia, the United Kingdom, Switzerland and Austria following in the order named.

France dominated the market in such lines as cotton laces, trimmings, ribbons, embroideries, coverlets, ready-made clothing, underclothing, velvets, plushes, mixed textiles for wearing apparel and many other lines of cotton manufactures. Italy held the largest share of the market for ready-made sheets, table cloths, bleached or printed handkerchiefs, shawls, and mixed textiles, mainly for furniture requirements. In view of the fact that the total value of the trade in the above commodities amounts to some £E.1,156,677, it is worth the while of United Kingdom manufacturers to do their utmost, now that prices are more competitive, to regain their footing where trade has been lost, and to cut into the market for other lines which hitherto they have left practically untouched.

It is encouraging to note a slight advance in United Kingdom trade in certain qualities of mixed textiles for wearing apparel, and of miscellaneous articles made of cotton, but British trade in the other lines enumerated above has declined by 15 to 20 per cent. at least in value and considerably more in volume.

Made-up Woollen Goods.—In the aggregate, of the main lines of made-up woollen goods (excluding carpets and blankets of eastern manufacture), the United Kingdom retained the preponderance of trade, although in several lines her share declined *pari passu* with the general decrease. United Kingdom trade in woollen blankets and coverlets in 1926 increased by over 90 per cent. in numbers. Out of a total import from all European, as opposed to African and Asiatic, sources, of a value of £E.52,220, the United Kingdom furnished £E.33,115, representing an increase of 47 per cent. over 1925, which is all the more satisfactory in view of the fact that the total import from all supplying countries declined by £E.5,349.

France was the largest supplier to Egypt of ready-made clothing, her import remaining practically constant at £E.64,758; and as statistics of quantities imported are not available, it is to be presumed that, as a result of a reduction of prices when the depreciation of the franc was most marked, French deliveries

must have been very much heavier than in 1925. The United Kingdom's share was about one-third of that of France, and represents a decline in imports; but Italian business declined to a very much greater extent. Austrian supplies fell away, but Germany's share of the trade remained practically constant. Imports from the United States were more than five times as large as in 1925, and Czechoslovakian imports showed a considerable increase, thanks to the extended credits and high discounts offered during the year. The total imports from all sources of ready-made clothing amounted to £E.127,633, as against £E.130,070 in 1925.

The market for woollen underwear is divided into two distinct sections, viz., the superior qualities and the cheap bazaar trade. Although there is always a certain demand during the winter months for superior and medium qualities of underclothing and hosiery in Egypt, competition is felt in the shape of cotton cellular and interwoven articles, whose normal season in western countries comes in the summer months. In Egypt there is no market for any woollen goods with the exception of tarbooshes and hats during the spring, summer and autumn. The largest part of the French trade is perhaps in women's and children's jerseys and baby clothes. The limited demand for men's cardigans and knitted waistcoats is mostly met by United Kingdom manufacturers in the superior qualities, but keen competition is experienced from France, Germany, Austria, and Czechoslovakia. Owing to the demand during the winter season for hosiery made of muslin and other cotton, mercerised cotton, silk and artificial silk, there is only a comparatively limited market for knitted men's wear, such as cashmere and half hose; but American competition with interwoven half-hose is particularly severe. There is no market for women's wear.

Total imports of woollen hosiery in 1926 were valued at £E.163,343, as against £E.185,119 in 1925. The United Kingdom's share, which amounted to £E.60,823, represents a decrease of nearly 27 per cent., and in a depressed market Germany appears to have been the only country to make any appreciable advance; her share, though only £E.23,175, represents an increase of £E.6,670, thanks to German firms having quoted cut prices during the year and extended tempting credits. Both French and Italian imports fell to a figure equivalent to about 50 per cent. of the United Kingdom's share.

Woollen and Worsted Cloths.—The factors responsible for the unsatisfactory condition of the cotton piece goods market were, if anything, even more potent in the case of the woollens and worsteds trade. The October market did not come up to expectations, with the result that goods in stock were not consumed. Apart from the depressed market conditions, United Kingdom firms had to face severe competition on the part of French and Italian manufacturers whose prices were well below

British quotations. German competition strengthened, and qualities of Czechoslovak cloths known as "Imperial No. 55,000" (a yarn-dyed Sedan cloth) continued to sell in large quantities at very reduced prices, supported by extravagant discounts and credits. Total imports into Egypt of woollen and worsted cloths in 1926 amounted to 1,342,659 metres, valued at £E.667,099, compared with 1,795,950 metres worth £E.892,069 in 1925, and 12,292 kgs. valued at £E.17,605, compared with 14,452 kgs. worth £E.21,704 in 1925. The United Kingdom retained the premier position with an import of 574,845 metres, valued at £E.319,679, but it should be observed that these figures represent a decrease in volume of 100,197 metres, and in value of £E.68,463. The share of France, the United Kingdom's nearest competitor, which amounted to 275,257 metres, worth £E.111,301, represents a decline of 46,385 metres and £E.26,475. Italian imports declined still further from 395,822 metres, valued at £E.158,621 in 1925, to 114,687 metres, worth £E.50,452 in 1926. German supplies increased slightly in volume, but the value was lower than in 1925, Czechoslovakian imports increased very slightly. Austrian supplies declined considerably, whereas Belgian imports improved a little. Soft handling French cloths were popular as they were sold at 2s. per metre cheaper than corresponding qualities from the United Kingdom. Cheaper qualities of cross bred serges were obtainable at such low prices from France and Italy in 1926, owing to depreciated exchanges, that United Kingdom firms were unable to compete, but now that prices are more competitive, there is practically no demand. This is probably due in the main to the sharp appreciation in foreign exchanges, and the extreme nervousness of the market resulting from an excess of overtrading. Encashments are still most difficult, with the result that many merchants prefer to liquidate their stocks gradually before enquiring for new qualities. On the other hand, there is now a certain demand for some cheaper classes of United Kingdom worsteds which should be followed up.

Woollen Yarn.—The United Kingdom supplied the bulk of the trade, which fell from 217,805 kgs., worth £E.81,399 in 1925, to 153,945 kgs., valued at £E.51,130 in 1926.

Tyres.—Total imports of rubber tyres for motor-cars and cycles rose in 1926 to 669,473 kgs., valued at £E.203,464, from 607,649 kgs., worth £E.174,721, in 1925. It is satisfactory to note that the United Kingdom more than doubled her import in value and very nearly in volume; her share of the trade being 173,153 kgs., worth £E.49,618. France remained the largest supplier, but with a decidedly reduced import, amounting in 1926 to 228,512 kgs., valued at £E.80,009, whereas the U.S.A., which was next in order to the United Kingdom, with an import of 116,190 kgs., worth £E.32,317, shows an increase of 44,214 kgs. and £E.14,013. Italian imports amounted to 82,207 kgs., worth £E.21,717, representing an increase of some 30 per cent. in volume

and about 75 per cent. in value compared with 1925. Germany's share, which amounted to 22,569 kgs., valued at £E.5,770, represents a decline in trade of about 50 per cent., while Belgian supplies fell away by approximately one-third of the 1925 total, to 43,623 kgs., worth £E.12,975, in 1926. Austrian imports, though increasing, are so far unimportant.

As a result of the recent inauguration of desert motor tourist excursions, and of the increase in private desert touring expeditions, the demand in certain circles for the very best quality of tyres obtainable is becoming more extensive.

Climatic conditions preclude any large accumulation of stocks over long periods, and in order to overcome this difficulty a well-known French company some years ago inaugurated the system of depositaireship, whereby the depositaire holds a large stock, which is kept fresh by regular periodical replacements of perished goods by special arrangement with the Egyptian Customs authorities. This example has more recently been followed by a well-known United Kingdom firm with favourable results. Under this system stocks for the retail trade are held by motor dealers throughout Egypt.

It is an odd fact that, in spite of the general deterioration of rubber goods in Egypt, tyres, and particularly inner tubes, when in continual use, wear remarkably well.

During the period June, 1926, to January, 1927, competition between leading American makes has been very keen, selling prices, whether wholesale or retail, being cut considerably as compared with United Kingdom prices in general, which, with the exception of perhaps one firm, were quite 20 per cent. higher in all classes of rubber tyres, *i.e.*, pneumatic, solid, and air cushion (semi-solid). American firms have been in the habit of allowing extended credits, running sometimes to six months.

Owing to the prolonged coal stoppage in the United Kingdom, many British suppliers were unable to meet the local demand for air cushion tyres, which were greatly favoured by owners of light motor 'buses, with the result that orders were lost in favour of American manufacturers.

France continues to occupy the premier position as supplier of pneumatic tyres, but owing to the appreciation of the franc, her trade has decreased. There are, however, considerable stocks of French tyres in the country, held mostly on the depositaireship system. It appears that French prices usually give the lead in the Egyptian market.

German tyres are declining in popularity, and sales are now mostly confined to that type of customer who will buy the cheapest article irrespective of quality.

Italian tyres compete well and, thanks to competitive quotations, added to the strong hold which Italy has maintained in spite of losses in the Egyptian motor market, there is always a good demand for them.

In spite of exceptional rebates offered by American firms, United Kingdom manufacturers secured important Egyptian Government orders during 1926-27, but more recently American tyres have again been successful on two or three occasions. Credit dealers have lately suffered through recent appreciations in Continental currency, and are consequently inclined to look more to the United Kingdom and to the United States for their requirements.

One local factory produces solid rubber tyres for platform trolleys which compete most successfully with the imported article, and a few local establishments have undertaken the tyre-retreading business.

EXPORTS.

Causes of Decline.—The decline of £E.17,439,271, nearly 30 per cent., in the value of Egypt's exports, is entirely accounted for by the low level of cotton prices during the first eight months, and the slump in the last four months of 1926. This naturally affected the export of cotton by-products, and although an increased export of 411,429 cantars of raw cotton is reflected in the greater volume of cottonseed, cottonseed cake and oil, and cotton waste, exported, as compared with 1925, cottonseed oil alone also increased in value. It will be seen from a glance at Appendix V that, in addition to the decline in value shown by raw cotton (s.c. yarns and textiles), three categories accounted for a further decrease of over £E one million, due respectively to eggs (as a result of restricted export in January-March, 1926); cottonseed, cottonseed cake, rice and onions; and sugar. This was, however, almost entirely set off by increases in the value of four other categories, produced respectively by hides and skins; cottonseed oil; phosphates; and metallic ores and gold bullion. Except as concerns the Empire, Syria and Turkey, the total values of, and consequently the decreases in, Egypt's exports to the principal countries shown in Appendix VI are largely accounted for by raw cotton, of which details are given in Appendix VII.

Empire's Share.—So far as the Empire is concerned, it is of interest to observe that, in spite of a drop in the value of purchases by the United Kingdom of nearly £E.7,250,000, which is more than accounted for by decreases in cotton, £E.6,817,000; cottonseed, £E.270,000; eggs, £E.183,000; onions, £E.104,000; and cottonseed cake, £E.69,000, the respective shares of the Empire and of the United Kingdom in the total value of the exports have risen from 45 per cent. to nearly 48 per cent., and from 44 per cent. to 45 per cent. in 1926.

CUSTOMS REVENUES.

In view of the decline in the imports and exports in 1926, it will be of interest to compare the gross receipts of the Customs

for the year ending March 31st, 1927, with those of the corresponding previous period, viz. :—

		April 1st, 1925, to March 31st, 1926.	April 1st, 1926, to March 31st, 1927.
		£E.	£E.
Import dues	.. ..	4,455,997	3,952,606
Export dues	.. ..	513,365	386,898
Miscellaneous	.. ..	205,126	191,899
Quay dues	.. ..	924,162	743,171
Tobacco dues	.. ..	6,199,961	5,989,482
Excise dues	.. ..	43,015	42,806
Total	.. ..	12,341,616	11,306,862

PROMOTION OF TRADE AND INDUSTRY.

Congresses and Exhibitions.—Reference has been made elsewhere in this report to the International Navigation and Cotton Congresses, and the first International Motor Show, all held in Egypt during the period under review.

Protection of Creditors.—A recent and most useful innovation has been the formation by several important local merchants and commission agents of an association for the protection of the rights of creditors. The objects of the association are :—

- (a) In the case of firms depositing their books, to arrange for the nomination of representatives of the chief creditors, and, in the case of bankruptcies, the nomination of member firms who are creditors to assist the liquidator with their advice and commercial experience.
- (b) To keep their members advised of the position of all proceedings in bankruptcy, etc.
- (c) To undertake the deposit and verification of claims against bankrupt firms.
- (d) To assure the just and equitable distribution of dividends.
- (e) To reject, when necessary, any arrangement arrived at which, in the opinion of the association, does not correspond with the real position of the bankrupt firm, or is regarded as of a fraudulent nature.
- (f) To assist firms of good repute, who may be obliged to deposit their books, to come to an equitable arrangement with their creditors.

Membership is open to any firm of good standing in Egypt, the subscription being only £E.1 per annum, in addition to an entrance fee of £E.1.

Motor Hire-Purchase.—Thanks to the initiative and enterprise shown by the branch of one of the big British insurance companies, a local company, with the resources of the parent company behind it, has been formed for the purpose of granting hire-purchase facilities to persons desirous of buying a motor-car. Dealers in foreign cars are fully alive to the possibilities and usefulness of this scheme, and are taking full advantage of it, and it is to be hoped that British manufacturers will not only make it possible for, but also encourage, their local representatives to do the same.

Commercial Delegations during 1926.—Delegations of business men from Austria, Hungary and Japan visited Egypt, with a view to a study of local conditions and requirements, and of ways and means of extending commercial relations between their country and this. In the case of the Japanese delegation, concrete results have already been reached in the form of an arrangement by which the Egyptian Chamber of Commerce is to accommodate a permanent sample exhibition of Japanese goods for which they are to receive £E.300 a year, while Egyptian goods are to be exhibited gratis in Japan.

Amalgamations.—The two most important developments of this nature have been :—

- (a) The amalgamation of the principal drug stores in Egypt into a combine with a well-known United Kingdom firm, which began in November, 1926, and ended, for the time being, on April 2nd, 1927, the object being to lower and standardise the price of drugs in Egypt.
- (b) The absorption by British capital during 1926 of the interests of several cigarette manufacturers in Egypt.

Commercial Legislation.—The following legislative or administrative measures affecting commerce, industry and finance have been promulgated or projected during the period under review, viz. :—

Alcohol.—Proposed excise law supplementing those of June 25th, 1921, and April 23rd, 1922, with the object of tightening up control of the movement of illicit alcohol.

Budget.—A law is being drafted to regulate the working of the budget and the powers of the Cabinet and individual Ministers in the matter of expenditure—e.g., on Government contracts.

Cattle.—Law for compulsory inoculation passed.

Census (Commercial and Industrial).—Taken during March and April, 1927, under the terms of a law passed for that purpose.

Census (Population).—Taken on February 18th and 19th, 1927, in accordance with a law passed for that purpose. A preliminary and provisional abstract of the totals is given in Appendix VIII.

Chemicals.—Sanitary measures were enacted as from February 7th, 1927, in connection with the import of the various salts specified.

Copyright.—A law for the protection of literary copyright is still under consideration.

Cotton.—(See pages 10–11.)

Financial Year.—A law was passed on December 31st, 1926, altering the date of the commencement of the financial year 1927–28 and onwards from April 1st to May 1st. The reason for this change is that the commencement of the Parliamentary session on the second Saturday of November, and the necessity for submission of the next year's budget to the Council of Ministers by December 1st, and its presentation to Parliament by January 1st—i.e., three months before the financial year began—did not allow the Minister of Finance sufficient time for study of the departmental budgets, which only reach him in September and October.

Manures.—A law was passed regulating the sale and storage of chemical manures.

Motor Transport.—(See page 42).

Public Establishments.—A law modifying and bringing up to date previous regulations governing the licensing, inspection, maintenance, etc., of establishments of this nature is being drafted.

Tobacco.—(a) In August, 1926, the provisions of Law No. 14 of 1909 regulating child labour in ginneries was extended to tobacco factories.

(b) As from November 1st, 1926, the drawback on exported cigarettes was increased from P.T. 60 to P.T. 80 per kilo, thereby constituting a complete refund of the import duty per kilo previously paid on the leaf tobacco, if imported from countries which have a special arrangement with Egypt (see page 10 of Annual Report dated June, 1926), and a refund of all but P.T. 20 per kilo in the case of countries which have not. In this connection it should be noted that all British overseas Dominions and Possessions, other than mandated territories, enjoy the same special arrangement as the United Kingdom.

(c) In January, 1927, the Customs Administration decided to issue a new set of the special stamps affixed to boxes of Egyptian cigarettes for the purpose of their identification and certification as cigarettes made in and exported from Egypt, and to arrange for the registration of such stamps at the International Bureau at Berne, and their exhibition at Egyptian Legations and Consulates. Drawback is refused on all cigarettes which do not bear this stamp, the object of the use of which is to protect the Egyptian cigarette industry against the unfair competition of certain Continental manufacturers who sell and describe as Egyptian-made cigarettes which were made in Europe.

(d) A law for the prevention of the adulteration of tobacco is still under consideration.

Association des Industries Egyptiennes.—Besides the protectionist customs tariff advocated by this body as the mainstay of the economic policy of the Egyptian Government (to which reference has been made earlier in this report), the following methods of extending and fostering local industry and international trade, which figure in the economic programme submitted to Parliament by the Association early in January, 1927, are also of interest :—

- (a) Creation of a department of national economy.
- (b) The extension of Egypt's agricultural production and of the use of her natural resources to the industrial cultivation of flax, jute, sisal, fruit, vegetables, flowers, and also to silkworm breeding.
- (c) The development of the country's industry and agriculture by
 - (i) giving absolute preference to national products in adjudications by Government departments and local authorities;
 - (ii) developing internal transport facilities and arranging railway freight rates which will give preferential treatment for the transport, not only of raw materials to factories, but also of the finished article to the market where it is in demand.

III.—INDUSTRY AND PRODUCTION.

Mining Industry.—The industry as a whole showed an improvement over 1925, and gave direct employment to a daily average of 3,224 Egyptians and 135 Europeans over the whole year. The quarrying industry continued active during the year, and quarry products remained in steady demand.

Phosphate production increased from 106,808 metric tons in 1925 to 232,008 metric tons in 1926. Exports also increased from 66,358 metric tons in 1925 to 176,123 metric tons in 1926, the respective values being £E.81,121 and £E.122,080. These increases were chiefly due to the activity of the Societa Egiziana per l'Estrazione ed il Commercio di Fosfati, at Kosseir. No new sources of phosphate were brought into production during the year, but there is reason to expect that development operations will shortly be started in an area that has not yet been opened up.

Manganese mined amounted to 121,868 metric tons, being an increase of 41,279 metric tons over 1925. Exports for 1926 were 90,710 metric tons worth £E.141,918 as compared with 54,172 metric tons and £E.95,023 in 1925. Prospecting and development of manganese areas has been in progress during 1926 outside the producing areas, but it is doubtful whether this will continue. A new feature is the opening up of a small deposit of high-grade ore.

Petroleum.—Continued interest in prospecting was evinced during 1926, but no new sources were brought into production, which, during the year under review, amounted to 172,952 tons, a decrease of 6,699 metric tons on 1925. The State Refinery continued to receive and deal with crude petroleum collected as royalty in kind by the Mines Department, the amount due for 1926 being 8,123 metric tons, a fall of 643 tons as compared with 1925. The activities of the Refinery came in for a certain amount of criticism in a debate in the Chamber of Deputies on February 23rd, 1927, when questions were asked as to the steps taken by the Government to carry out a promise made in 1924, and again in 1926, to endeavour to extend its operations and to supply it with the quantities of mazout required to increase its production. The reply given was that this will be impossible pending the completion of the Suez petroleum basin, and that in any case the supply by the Refinery to Government administrations of their requirements of benzine, kerosene, etc., depends chiefly on the quality of the mazout available for refining, and the proportion of these by-products contained therein. (See Appendix IX for imports of petroleum products in 1926.)

OTHER LOCAL INDUSTRIES.

Cement.—A Belgo-Swiss concern was recently formed for the erection and exploitation of a cement factory near Turah, not far from the existing works of the Société Anonyme des Ciments d'Egypte at Massaarah (a Belgian concern), whose output is 50,000 tons a year.

Cotton Spinning and Weaving.—One of the immediate results of the cotton crisis of 1926 was the decision taken by one of the wealthiest Egyptian landowners to form a company in collaboration with the Banque Misr, for the erection of a

cotton spinning and weaving factory in the provinces with the object of providing a handy and certain market for part of the crop. This venture, as originally planned towards the end of October, 1926, was to have a capital of £E.250,000, to be subscribed equally by the two partners ; but the committee which is studying the formation of the company recommended, early in March, 1927, that the initial capital should be 87,500 shares of £E.4 each, of which the landowner concerned would subscribe £E.125,000. According to the latest information available at the moment of writing, the erection of a weaving factory near the Barrage and the purchase of two ginning factories at Benha and Wasta, of which the former is to be converted into a spinning mill, are contemplated.

Development Schemes.—(a) *Irrigation.*—On May 4th, 1927, the contract for the construction of a barrage and subsidiary works on the Nile, near Nag Hamadi in Upper Egypt, for which nine tenders were submitted on April 26th to the Ministry of Public Works, was adjudicated in favour of a British firm, who quoted not only the lowest price, viz., £E.1,976,621, but also the shortest time for completion, viz., 37 months. The eight unsuccessful tenderers consisted of one British, two French, two German, two Italian, and one Egyptian, groups, the last named of whom submitted the highest tender, viz., £E.3,134,343.

(b) *Assuan Dam Power Scheme.*—A debate took place in the Chamber of Deputies on 14th February, 1927, in which the Egyptian Government were urged to take definite steps, without any further delay, to ensure the completion at an early date of expert investigation of the possibilities of harnessing some of the water power made available by the Assuan Dam for the generation of electricity, to be used to drive pumps for irrigation purposes and for the fixation of nitrogen. This project was first mooted in 1912, and again came to the fore in 1921, since when it has lain dormant until now ; and it is possible that its revival would have been still further postponed but for the economic depression of 1926, which enhanced the importance of advantages such as the extension of irrigation to land which is at present either fallow or dependent for its water supply on manual labour ; the increased land tax accruing from the increased area under cultivation ; and the annual saving both to the Treasury and the cultivator of the difference between imported chemical manures and nitrates manufactured more cheaply in Egypt. The Minister of Public Works accordingly decided to invite a European expert to advise the Egyptian Government as to the best way of bringing this scheme to fruition, and to obtain opinions of experts in England and the United States through the medium of the respective Egyptian Legations.

(c) *Municipal Improvements.*—The Director-General of the Alexandria Municipality recently broached the subject of the necessity of obtaining the sanction of the Powers concerned for

an increase of the maximum amount that the Municipality is empowered to borrow, viz., £E.1,000,000, and in justification of this, elaborated the following programme of improvements which he considers are necessary for Alexandria, and of which the total estimated cost would be £E.6,100,000, viz. :—

Transfer of the present water intake to another place in order to secure good drinking water, £E.180,000.

Houses for poorer classes : cost of construction, £E.2,000,000.

Construction of second part of Eastern harbour breakwater, £E.100,000.

Construction of banks for the Mahmoudieh Canal, £E.300,000.

Hygienic projects, such as public baths, etc., £E.200,000.

New municipal buildings—*e.g.*, a building to house the Municipality, £E.100,000 ; a museum, £E.100,000 ; a theatre, £E.120,000 ; a library, £E.100,000 ; a new building for the Bourse, £E.150,000.

Different improvements required by the City during the next twelve years, £E.1,000,000.

Expropriation of property involved by certain of the foregoing improvements, £E.1,500,000.

IV.—TRANSPORT AND COMMUNICATIONS.

Aviation.—The most important development in civil and commercial aviation in Egypt during the period under review was the inauguration by the Imperial Airways, Ltd., of a regular fortnightly air service for mails and passengers between Cairo and Basra, via Gaza and Baghdad, beginning with the arrival at Cairo on January 9th, 1927, of the first westbound flight, and the departure from Cairo on January 12th of the first eastbound flight. It had been hoped that this service would be extended to Karachi by April 1st, but unforeseen difficulties, over which the company have no control, made this impossible. However, as from April 6th, the existing Cairo-Basra service has been converted into a weekly one. The company's fleet at present consists of five three-engined DH "Hercules" aeroplanes, each seating 14 passengers, and capable of carrying about 3,000 lbs. weight of passengers, mail, luggage and goods. On a recent occasion one of these air liners was specially chartered for a trip from Cairo to Jerusalem and back.

Cables.—In September, 1926, an agreement was concluded between the Eastern Telegraph Company and the Egyptian Government whereby, *inter alia*, the royalties per word payable to the latter were doubled, and the company given permission to lay five additional cables between Port Said and Alexandria. This increased cable connection has made it possible for the company to operate their "regenerator" system right through from London to Bombay, and greatly accelerate telegraphic communication between England and Malta, Egypt and India.

Telephones.—The end of 1926 saw the beginning of the transfer of a certain number of subscribers in Cairo from the central manual exchange to the automatic telephone exchange of

2,000 wires, for which the contract had been secured two years previously by an United Kingdom firm. In the meantime, the provision of additional trunk facilities between Cairo and Alexandria has been still further delayed.

[**Wireless.**—In May, 1926, an agreement was concluded between the Egyptian Government and the Marconi Wireless Telegraph Co., Ltd., whereby the latter were authorized to exploit for purposes of commercial wireless telegraphy the wireless station at Abu Zabal near Cairo, which is at present operated by the British Post Office. In accordance with the terms of this agreement, an Egyptian limited liability company was formed within six months of its signature for exploitation of the Marconi Company's authorization, but owing to delays in securing a suitable site for a receiving station, it is unlikely that commercial exploitation of wireless telegraphy in Egypt will be possible before July, 1927.

[**Motor Transport.**—New motor-bus regulations are being drafted, at the moment of writing, by the Traffic Department of the Cairo City Police. Their object is to ensure that the chassis and bodies are constructed on such lines and of such materials as are essential to properly constituted passenger-carrying vehicles of this nature. As the licences for all such vehicles as do not conform to the new regulations and specifications will not be renewed, their replacement will create a demand for chassis bodies and complete motor-buses, which it will be well worth the while of British manufacturers to cater for. Therefore it is to be hoped that those who can supply a vehicle or chassis of the required type will be prepared, if necessary, to alter the drive, and not turn away profitable business because of the different rule of the road existing in Egypt.

Taxation—At the present moment Alexandria is the only place in Egypt where motor vehicles are subject to a horse-power tax, but mechanical transport and the use of private cars are extending so rapidly all over Egypt, and, in the case of heavy lorries, doing so much damage to the roads, that the Government has decided that motor traffic must contribute to the cost of road construction and maintenance in the form of taxation on all kinds of motor vehicles. A law is accordingly being drafted which, according to present intentions, will subject all motor vehicles, whether for private use or public service, to a horse-power tax varying with each kind of vehicle, and in addition, in the case of motor-buses, to a tax based on their passenger accommodation.

The totals given below of motor vehicles of all kinds registered in Egypt on March 31st, 1927, will be of added interest in view of the foregoing :—

NUMBERS OF MOTOR VEHICLES REGISTERED IN EGYPT.
YEAR ENDING APRIL 30TH, 1927.

—	Cairo.	Provinces.	Alexandria.	Port Said.
Motor cars	5,046	2,082	2,398	186
„ cycles	1,755	503	787	150
„ lorries and vans ..	1,082	347	414	23
„ cabs	1,633	2,608	733	112
„ 'buses	438	496	133	20

Railways.—On December 3rd, 1926, the conversion of the Luxor-Shellal line from narrow to broad gauge was officially celebrated. The result of this improvement is that communication between Egypt and the Sudan has been speeded up, and that sleeping cars can now be run right through from Cairo to Shellal instead of, as hitherto, only to Luxor.

Shipping.—A comparison between the statistics for 1926 and those given in Appendix X to the report dated June, 1926, will show that, with the exception of Greek, Italian and Norwegian shipping, the number of arrivals has decreased, whereas Egyptian, Belgian, French, Greek and Norwegian shipping all show an increase in the tonnage of cargo landed. The decline in exports is reflected in a general decrease in the tonnage of cargo shipped, which has affected all except German and Italian shipping. Roumanian shipping, which was included among "Others" in 1925, has increased considerably in 1926 as the result of the inauguration of the regular service referred to in the last report. For purposes of comparison it should be noted that Roumanian arrivals and clearances in 1925 were as follows :—

—	No. of Vessels.	Net Registered Tonnage.	Tons of Cargo.
Arrivals	27	47,094	86,249 landed.
Departures	27	47,060	1,285 shipped.

The British proportion of the total arrivals and of the corresponding net tonnage has dropped from 40 per cent. and 42·77 per cent. respectively, to 37 per cent. in each case, whereas the Italian percentages have risen from 18·5 and 19·7 to 20 and 22·65. The total numbers and net registered tonnage of all shipping entered and cleared at Egyptian ports in 1926, together with the total number of passengers and of tons of cargo landed and shipped, will be found in Appendix X.

Freights.—It is not easy to understand why United Kingdom exporters and manufacturers take so little advantage of the fact that freights to Port Said are only 20s. per ton as compared with 45s. to Alexandria, and that the difference between railway

transport from Alexandria to Cairo and Port Said to Cairo is only 5s. (P.T.25) in favour of the Alexandria route.

Harbour Works.—The Suez Harbour Works extension scheme, which consists principally of the provision of a petroleum basin, is not yet complete, and a good deal of dredging has still to be done before tankers can manœuvre or even make use of some of the projected berths. The construction of a new petroleum basin at Alexandria is also projected as one of the recommendations of the committee of experts who were invited in January, 1926, to study and report on the improvements needed in the various Egyptian ports. Such a basin is urgently needed at Alexandria, where there is no room for further extension by the oil companies in the immediate neighbourhood of their existing installations, but it is estimated that 5 years would be required to construct one that would not only be suitably situated from the point of view of public security, but also large enough to accommodate all the oil companies. Alternative plans are at present under investigation, but as the selection of any site will entail research work of a detailed nature, it seems unlikely that it will be possible to commence construction, assuming that in the meantime Parliament has sanctioned the necessary expenditure and the relevant contract or contracts have been adjudicated, before the financial year 1928-29.

XIVth International Navigation Congress.—Over twenty countries were represented at this Congress, which was held in Egypt in December, 1926. The following subjects were discussed :—

(A) INLAND NAVIGATION.

- (1) Construction and equipment, etc., of river ports ; their union with railway systems ; Customs and sanitary measures.
- (2) Steps taken to reduce periods of inactivity in canals and canalised rivers.
- (3) Progress achieved in the study and construction of barrages, and in the arrangement of apparatus for the intake of water and of adjoining navigation works.

(B) MARITIME NAVIGATION.

- (1) Quays of great depth in tideless seas, and their cost.
- (2) Breakwaters or jetties in tideless seas, and their cost.
- (3) Fishing ports, large and small.
- (4) Large maritime canals : chief dimensions, maintenance of depth, traffic statistics.
- (5) Landing and storage of inflammable liquids (installations made of metal and reinforced concrete), precautions against fire, distribution of such liquids in the ports.
- (6) Intensive suction dredging, particularly in rough seas.

V—SOCIAL QUESTIONS

High Cost of Living.—It cannot be too often reiterated that the real reason why the decline and slump in cotton prices in 1926 brought about such acute economic and commercial depression is that the cost of living is far too high, and therefore impossible to reconcile and adjust with cotton values which are

being forced down by world factors to what may be fairly considered as a normal post-war level. The high cost of living is the legacy of the high prices of cotton in 1919-20 and the succeeding years, which, though subject to ups and downs, were years of prosperity, all adding their quota to the reserves of purchasing power, thanks to which Egypt has been able to weather the storm of 1926. Unfortunately the only official statistics of cost of living available afford no indication whatsoever of what Europeans (particularly British people) have to pay for food, fuel, rent, clothes, servants, etc., because they apply to a different social level, viz., that of Egyptian clerks, artisans and labourers, whose standard of living and requirements constitute a minimum which is not within the power of any European to attain.

Housing.—One of the chief factors in the prevailing high cost of living consists of the excessive rents for houses, flats, and business premises, demanded by landlords who, since July, 1925, have been at liberty to charge what they like. It is presumably this freedom which has tempted so many newly-made, as well as former, landlords to construct huge buildings composed of shops and showrooms on the ground floor, and flats, available as office premises or private dwellings as the case may be, on the upper floors. The extent to which this form of investment of capital has proved attractive is indicated by the fact that the number of buildings completed in Cairo alone in 1926 amounted to 2,981, an increase of 803 over 1925. The number of houses completed in Alexandria is not known, but 1,361 permits to build and 633 to enlarge were granted. Unfortunately, however, what one would have expected as the natural consequence of this ever-increasing accommodation, viz., a fall in rents, has not so far taken place, owing partly to the influx into Cairo of Europeans from such suburbs as suffer from inadequate transport facilities, and partly to an increased demand for modern apartments by many Egyptians whose standard of living is improving.

Population.—There is no gainsaying the fact that the demand for accommodation has also increased partly owing to the immigration of merchants from certain Continental countries attracted by the Eldorado that Egypt represents to them, and partly to the influx into Cairo and Alexandria of an appreciable proportion of the provincial population. Evidence of this latter factor is afforded by the provisional population figures given in Appendix VIII, which consists of the preliminary abstract of the census taken on February 18th to 19th, 1927. It will be seen that, while the total population has only increased by nearly 11·12 per cent. in the last decade, instead of by, at least, 17·6 per cent., as everyone expected, the population of Cairo and Alexandria on the one hand are respectively close upon 34 per cent., and slightly more than 28 per cent. greater, whereas the increase in the provincial population of Lower and Upper Egypt is respectively just under 7 per cent. and 9·8 per cent.

APPENDIX I.

SUMMARY OF VALUE OF IMPORTS INTO EGYPT, CLASSIFIED BY CATEGORIES.

Categories.					1926.	1925.
					£E.	£E.
1.	Animals and animal food products	..			1,801,984	1,867,752
2.	Hides, skins and leather goods	..	..		673,782	662,895
3.	Other animal products	..	..	..	53,789	66,102
4.	Cereals, flour and agricultural produce	..			5,952,440	7,101,278
5.	Colonial produce and general grocery	..			2,934,534	3,168,274
6.	Spirits, beverages and oils	..	..	..	3,803,222	3,558,357
7.	Paper and printed matter	..	..	..	1,026,891	1,031,621
8.	Wood and coal	..	..	..	4,355,472	4,840,035
9.	Stone, earthenware and glassware	..	..	..	1,499,159	1,637,928
10.	Dyestuffs, tanstuffs and colours	..	..	..	380,208	397,536
11.	Chemical and medicinal products and per- fumery	..	..	..	3,790,633	4,204,739
12.	Yarns and textiles	..	..	..	13,631,470	17,965,629
13.	Metals and metalware	..	..	..	8,761,726	8,472,477
14.	Miscellaneous	..	..	..	1,883,079	1,777,266
Total of merchandise imported					50,548,389	56,751,889
15.	Tobacco	..	..	..	1,851,670	1,473,006
Total of imports					£E52,400,059	£E58,224,895

APPENDIX II.

VALUE OF IMPORTS FROM PRINCIPAL COUNTRIES.

Country.	1926.	1925.
	£	£
United Kingdom	11,405,666	14,660,664
Australia and New Zealand	2,046,839	2,440,328
British India*	2,169,382	2,979,730
Other British Possessions in the Far East† ..	652,264	733,710
‡Mesopotamia	34,922	57,205
‡Palestine	534,870	799,182
British Mediterranean Possessions§	292,899	278,176
British Possessions in Africa	258,539	100,882
Trinidad	38,236	40,017
Canada	26,508	48,293
British Empire Total	£17,460,125	£22,138,187
Austria	658,256	675,009
Belgium	2,216,921	2,124,393
Chile	1,782,643	1,850,889
China	450,073	764,654
Czechoslovakia	1,280,608	1,224,117
France	5,677,325	5,399,682
Germany	3,793,428	3,348,143
Greece	1,032,482	922,997
Holland	539,341	752,173
Italy	4,546,768	6,129,939
Japan	832,545	1,105,108
Roumania	1,929,417	1,344,088
Russia	526,918	794,202
Sweden	609,496	594,084
Syria	718,257	966,863
Turkey	1,492,099	1,111,359
U.S.A.	2,474,217	2,116,238
Total, including other countries	£52,400,059	£58,224,895

* Including Aden.

† Including Ceylon, Straits Settlements, Hongkong and British Borneo.

‡ Mandated Territories.

§ Including Malta, Cyprus and Gibraltar.

APPENDIX III. (A)

VALUE OF COTTON PIECE GOODS IMPORTED IN 1925 AND 1926, DUTIABLE ON BASIS OF WEIGHT PER SQUARE METRE.

From	Year.	Grey.	Bleached.	Printed.	Dyed in the Yarn.	Dyed in the Piece.	Total.
United Kingdom	1926 1925	£E. 300,683 706,532	£E. 1,052,200 1,867,673	£E. 926,599 1,431,912	£E. 221,726 322,008	£E. 713,617 1,075,176	£E. 3,214,825 5,403,301
Belgium	1926 1925	— —	21,699 12,778	22,660 7,363	140,243 185,414	11,604 6,704	196,206 212,259
France	1926 1925	1,069 515	5,289 7,708	88,492 42,554	10,445 8,428	18,996 22,389	124,291 81,594
Italy	1926 1925	1,403 7,041	39,291 78,982	198,899 363,236	601,716 921,977	279,140 590,394	1,120,449 1,961,630
Japan	1926 1925	383,106 413,609	421 1,071	99 30	51,015 3,344	* 666	434,641 418,720
Total, including other countries	1926 1925	691,224 1,138,183	1,130,108 1,979,807	1,312,872 1,897,601	1,098,382 1,556,552	1,046,842 1,722,066	5,279,428 8,294,209

NOTE.—This table does not include cotton piece goods returned by weight and linear metres, the imports of which in 1925 and 1926 were as follows :—

Cotton piece goods (returned by weight) —	1925. £E.	1926. £E.
Total imports	107,871	93,102
Of which from the United Kingdom	78,922	58,458
Cotton piece goods (returned by linear metres) —		
Total imports	855,129	612,799
Of which from the United Kingdom	246,420	171,921

QUANTITY OF COTTON PIECE GOODS IMPORTED IN 1925 AND 1926, DUTIABLE ON BASIS OF WEIGHT PER SQUARE METRE.

From	Year.	Grey.	Bleached.	Printed.	Dyed in the Yarn.	Dyed in the Piece.	Total.
United Kingdom	1926 1925	Sq. Metres. 19,867,442 41,275,933	Sq. Metres. 43,667,331 64,106,690	Sq. Metres. 24,589,013 32,723,080	Sq. Metres. 5,790,739 7,454,402	Sq. Metres. 17,465,881 22,145,434	Sq. Metres. 111,380,406 167,705,539
Belgium	1926 1925	— —	624,285 306,633	474,582 141,797	3,479,696 3,782,414	244,486 121,286	4,823,049 4,352,130
France	1926 1925	33,662 8,476	183,950 186,831	2,188,576 871,440	275,725 197,111	456,111 417,314	3,138,024 1,681,172
Italy	1926 1925	63,156 276,012	1,167,049 2,121,379	5,163,000 7,906,136	15,569,194 19,856,668	6,291,462 11,243,127	28,253,861 41,403,322
Japan	1926 1925	14,766,119 13,315,169	15,406 30,673	2,857 758	1,394,423 77,136	* 13,504	16,178,805 13,437,240
Total, including other countries	1926 1925	34,936,816 55,240,318	46,033,012 67,084,390	34,178,615 42,658,259	28,426,279 33,878,137	25,016,188 34,432,442	168,590,910 233,293,546

NOTE.—This table does not include cotton piece goods returned by weight and linear metres, the imports of which in 1925 and 1926 were as follows :—

	1925.	1926.
Cotton piece goods (returned by weight)—		
Total imports	..	589,506 kilogs.
Of which from the United Kingdom	..	393,830 "
Cotton piece goods (returned by linear metres)—		
Total imports	..	14,357,889 linear metres.
Of which from the United Kingdom	..	3,573,963 "
	* Not yet published.	"

APPENDIX IV.

IMPORTS OF COAL, TEA AND WHEAT FLOUR.

From	1926.		1925.	
<i>Coal.</i>	M. tons.	£E.	M. tons.	£E.
United Kingdom	603,060	853,516	1,175,648	1,747,928
Germany	119,518	232,535	18,597	28,190
Russia	2,819	8,315	16,563	29,537
U.S.A.	151,885	359,878	24,074	34,453
Other countries	60,911	111,577	—	—
Totals	938,193	1,565,821	1,234,882	1,840,108
<i>Tea.</i>	Kilogs.	£E.	Kilogs.	£E.
United Kingdom	88,692	21,748	127,318	28,459
British India	926,607	121,206	1,009,174	114,127
Ceylon	2,160,797	269,459	2,252,281	263,554
China	636,269	62,512	896,509	69,404
Dutch Possessions in the Far East	60,572	7,107	119,982	11,726
Other countries	2,219	472	10,306	1,556
	3,875,156	482,504	4,415,570	488,826
<i>Wheat Flour.</i>	M. tons.	£E.	M. tons.	£E.
United Kingdom	8,326	127,303	7,535	126,732
Australia	112,779	1,844,068	116,742	2,035,184
British India	9,415	153,400	17,419	310,739
Canada	531	9,291	1,921	33,945
Bulgaria	1,339	22,989	1,282	22,686
China	*	1	1,683	29,640
France	16,626	242,173	15,364	250,576
Italy	779	11,864	2,742	42,206
Japan	—	—	1,520	27,213
Rumania	5,301	86,673	226	4,168
U.S.A.	40,231	641,608	32,027	550,393
Other countries	297	4,321	113	1,864
	195,624	3,143,691	198,574	3,435,346

* 60 Kilogs.

APPENDIX V.

SUMMARY OF VALUE OF EXPORTS FROM EGYPT, CLASSIFIED BY CATEGORIES.

Categories.		1926.	1925.
		£E.	£E.
1. Animals and animal food products ..	..	324,741	526,926
2. Hides, skins and leather goods .. ..	..	324,776	247,768
3. Other animal products .. ..	..	56,428	68,116
4. Cereals, flour and agricultural produce ..	..	4,077,332	4,795,344
5. Colonial produce and general grocery ..	..	94,471	204,129
6. Spirits, beverages and oils .. ..	..	756,025	394,175
7. Paper and printed matter .. ..	..	73,658	74,654
8. Wood and coal .. ..	..	19,776	24,054
9. Stone, earthenware and glassware .. ..	..	11,458	5,945
10. Dyestuffs, tanstuffs and colours .. ..	..	22,054	18,274
11. Chemical and medicinal products and per- fumery .. ..	..	184,358	154,993
12. Yarns and textiles* .. ..	..	36,670,388	52,024,761
13. Metals and metalware .. ..	..	742,630	224,785
14. Miscellaneous .. ..	..	46,190	51,505
Total of merchandise exported ..		41,404,285	58,815,429
15. Cigarettes .. ..	..	355,106	383,233
Total of exports		41,759,391	59,198,662

* Chiefly raw cotton.

APPENDIX VI.

VALUE OF EXPORTS TO PRINCIPAL COUNTRIES.

Country.	1926. £E.	1925. £E.
United Kingdom	18,921,153	26,167,972
Australia and New Zealand	6,003	29,144
British India*	513,697	60,390
Other British Possessions in the Far East† ..	58,262	59,648
Mesopotamia§	47,419	88,872
Palestine§	390,596	375,180
British Mediterranean Possessions‡	45,552	46,540
British Possessions in Africa	21,093	15,828
Canada	1,563	8,095
British Empire Total	20,005,338	26,851,669
Austria	156,411	226,667
Belgium	210,757	223,049
Czechoslovakia	616,153	1,057,207
France	4,950,774	7,461,940
Germany	1,892,811	3,545,752
Greece	198,725	298,802
Holland	303,624	341,163
Italy	2,381,429	3,613,795
Japan	1,623,216	2,166,888
Russia	171,130	171,478
Spain	909,069	1,177,821
Switzerland	1,443,906	2,263,056
Syria	271,280	285,796
Turkey	114,342	132,100
U.S.A.	5,584,254	8,411,246
Total, including other countries ..	41,759,391	59,198,662

* Including Aden.

† Including Malta, Cyprus and Gibraltar.

‡ Including Ceylon, Straits Settlements, Hongkong and British Borneo.

§ Mandated territories.

APPENDIX VII.

EXPORTS OF RAW COTTON FOR THE CALENDAR YEARS 1925 AND 1926.

Destination.	1925.		1926.	
	Cantars.	£E.	Cantars.	£E.
United Kingdom ..	2,758,861	22,191,594	3,064,116	15,374,136
Czechoslovakia ..	128,725	1,056,064	122,464	611,103
France	873,521	7,122,643	919,904	4,635,988
Germany	367,978	3,119,769	309,154	1,562,742
Italy	403,377	3,272,651	407,636	2,065,506
Japan	278,693	2,143,967	301,877	1,545,756
Spain	140,818	1,113,937	170,636	854,972
Switzerland ..	281,971	2,243,488	290,029	1,426,646
U.S.A.	1,038,691	8,122,918	1,044,272	5,301,310
Total (including other countries)	6,423,939	51,659,806	6,835,368	34,370,891
Mean price per cantar	\$40·20	—	\$25·15	—

APPENDIX VIII.

GENERAL CENSUS OF POPULATION, 1927.
(Preliminary Figures.)

Governorates and Moudiriehs.	Census of 1917.			Census of 1927.*		
	Males.	Females.	Total.	Males.	Females.	Total.
Cairo	405,848	385,091	790,939	556,005	503,819	1,059,824
Alexandria	226,596	218,021	444,617	297,934	272,380	570,314
Canal	50,204	40,886	91,090	71,495	62,182	133,677
Suez	18,177	12,819	30,996	21,101	18,065	39,166
Damietta	15,530	15,454	30,984	17,718	17,094	34,812
Western Desert	6,222	5,646	11,868	27,120	23,132	50,252
Southern Desert	12,380	13,479	25,859	12,189	13,203	25,392
Sinai	2,770	2,660	5,430	9,006	5,736	14,742
Red Sea Coast	3,326	1,358	4,684	1,538	595	2,133
Total	741,053	695,414	1,436,467	1,014,106	916,206	1,930,312
Behera	443,014	449,232	892,246	472,264	501,653	973,917
Gharbieh	814,296	845,017	1,659,313	860,573	926,323	1,786,896
Menoufieh	536,953	535,683	1,072,636	544,896	557,344	1,102,240
Daqahlia	488,068	498,575	986,643	525,286	552,415	1,077,701
Sharkia	471,847	483,650	955,497	493,021	519,361	1,012,382
Kalioubieh	265,612	262,969	528,581	277,615	279,687	557,302
Total—Lower Egypt	3,019,790	3,075,126	6,094,916	3,173,655	3,336,783	6,510,438

Guizeh ..	..	..	..	266,025	258,327	524,352	297,150	292,752	589,902
Fayoum ..	..	..	..	254,829	252,788	507,617	275,954	276,627	552,581
Béni-Souef ..	..	..	..	229,544	223,349	452,893	253,173	253,657	506,830
Minia ..	..	..	..	386,732	377,190	763,922	419,405	417,999	837,404
Assiout ..	..	..	..	494,462	486,735	981,197	542,818	534,291	1,077,109
Girga ..	..	..	..	433,563	431,183	864,746	487,847	477,813	965,660
Kéna ..	..	..	..	426,960	411,845	838,805	451,509	445,007	896,516
Asouan ..	..	..	..	116,559	136,781	253,340	120,681	145,861	266,542
Total—Upper Egypt ..	..	..	..	2,608,674	2,578,198	5,186,872	2,848,537	2,844,007	5,692,544
Total Population ..	..	..	..	6,369,517	6,348,738	12,718,255	7,036,298	7,096,996	14,133,294
Nomads ..	..	..	..	—	—	32,663	—	—	35,462
General Total ..	..	..	..	—	—	12,750,918	—	—	14,168,756

* Provisional, and subject to modification on the publication of final figures.

APPENDIX IX.

STATISTICS OF IMPORTS INTO EGYPT DURING 1926 OF VARIOUS OIL PRODUCTS, AND COUNTRIES OF ORIGIN.

Country.	Kerosene.		Benzine.		Mazout (Fuel).		Mineral Lubricating Oils and Greases.		Solar Oil.	
	M. tons.	£E.	M. tons.	£E.	M. tons.	£E.	Kilogs.	£E.	Kilogs.	£E.
Delivered from Suez Refinery*	13,931	57,104	—	16,165	65,827	204,044	—	—	8,311,986	35,326
Imported direct from—										
Roumania	141 606	580,589	M.T. Cases	24,265	—	—	3,703,378	47,011		
Russia	1,088	251	2,387	1,065	—	—	—	—		
U.S.A.	110,481	452,981	—	—	—	—	—	—		
.. .. .	19	119	652	9,341	18	56	10,337,718	189,702		
Mexico	13,623	3,349	11,613	6,425	—	—	—	—		
Persia	—	—	—	—	3	8	Included in other countries, if any.	Included in other countries, if any.		
Dutch Possessions in Far East	—	—	—	—	34,736	107,701	—	—		
Dutch West Indies	—	—	—	—	—	—	—	—		
United Kingdom	—	—	Included in other countries, if any.	23,135	7,463	—	3,259,031	69,241		
Straits Settlements	—	—	—	—	—	—	604,812	7,339		
British Borneo	—	—	—	—	—	—	2,296,574	20,668		
Belgium	—	—	—	—	—	—	305,068	4,477		
France	—	—	—	—	—	—	574,387	9,917		
Germany	—	—	—	—	—	—	1,265,110	17,756		
Other countries	—	—	M.T. Cases	3 32	9,067	28,107	62,636	779	16,612	71
				3,262	—	—	—	—	—	—

* Persia.

APPENDIX X.

SHIPPING.

TOTAL ARRIVALS AT AND DEPARTURES FROM ALL EGYPTIAN PORTS DURING THE YEAR 1926, AND CARGO AND PASSENGERS EMBARKED AND DISEMBARKED.

Nationality of Vessels.	Arrivals.				Departures.			
	No. of Vessels.	Net Registered Tonnage.	Tons of Cargo Landed.	Passengers Landed.	No. of Vessels.	Net Registered Tonnage.	Tons of Cargo Shipped.	Passengers Embarked.
British ..	1,223	2,460,126	1,773,621	34,720	1,221	2,456,693	686,603	33,550
Egyptian ..	252	167,127	125,726	609	251	172,195	31,296	848
American ..	65	286,057	83,250	699	65	281,232	31,692	500
French ..	212	880,887	190,074	12,503	209	875,480	42,320	11,571
Belgian ..	44	81,492	127,792	11	44	80,835	26,637	2
Dutch ..	47	120,078	98,691	475	47	123,478	23,114	507
German ..	118	236,114	228,157	504	120	247,411	106,402	510
Greek ..	345	373,814	517,380	6,427	341	368,937	69,109	7,195
Italian ..	667	1,500,765	535,242	19,183	672	1,505,819	215,152	19,546
Norwegian ..	54	89,449	126,505	23	53	92,372	21,010	13
Roumanian ..	74	106,619	92,187	2,445	73	104,804	7,319	2,539
Others ..	186	319,866	258,034	902	186	314,875	55,728	737
Total ..	3,287	6,622,394	4,156,659	78,501	3,282	6,624,131	1,316,382	77,518

APPENDIX XI.

SUMMARY NOTE ON CUSTOMS DUTY AND DUES.

The following are the only changes required to be made in the Summary Notes on Customs Duty and Dues which formed Appendix XV of the Report dated June, 1925, and Appendix XII of the Report dated June, 1926, to bring them up to date :—

Under *Exports*, "1. *Export Duty*," should be added :—

"Certain locally manufactured articles (a list of which can be seen at the Department of Overseas Trade) are now exempt from customs duty and quay dues on exportation."

Under *Re-exports*, paragraph B, "Tobacco," should now read :—

"A drawback of 800 milliemes is granted on each kilogram of tobacco re-exported from Egypt in the form of cigarettes, etc. No export duty is collected on manufactured tobacco and cigarettes re-exported."

APPENDIX XII.

COMPARATIVE QUOTATIONS OF PRINCIPAL STOCKS.

Name.	1926. End of May.	1927. End of April.
Egyptian Unified 4 per cent.	£82½	£84½ cum. div.
Egyptian Priv. 3½ per cent.	£72	£72½ ex div.
Egyptian Tribute 4 per cent.	£85½	£84½
Egyptian Tribute 3½ per cent.	£77½	£77½
Agricultural Bank, Ordinary shares	£7½	£7½
Credit Foncier Egyptien, Ordinary shares	Fcs. 937	Fcs. 1016
Land Bank of Egypt, Ordinary shares	£12½	£13½
National Bank of Egypt, Ordinary shares	£35½	£35½
Alexandria Water Co., Ltd., Ordinary shares	£14½	£14½
Behera Company, Ordinary shares	£14½	£16½
Union Foncier d'Egypte, Ordinary shares	£3½	£3½
S.A. des Immeubles d'Egypte, Ordinary shares	£17½	£15½
Grands Hotels d'Egypte, Ordinary shares	£15½	£17½
Soc. Gen. de Pressage, etc., Ordinary shares	£13½	£15½
Soc. des Presses Libres Egyptian, Ordinary shares	£10½	£11½
Eg. Bonded Warehouses, Ordinary shares	£12½	£11½
Port Said Salt Association, Ordinary shares	76s. 4½d.	91s. 4½d.
Aboukir Co., Ltd., Ordinary shares	22s. 9d.	20s. 9d.
New Egyptian Co., Ltd.	35s. 6d.	35s.
Suez Canal 5 per cent. Debentures	Fcs. 483½	Fcs. 504
Suez Canal 3 per cent. Debentures, second series	Fcs. 352	Fcs. 362
Cairo Electric Railway and Heliopolis Co.—		
Debentures	Fcs. 472½	Fcs. 498
Shares	Fcs. 287½	Fcs. 451½
Founders	*£E.17½	£E.73½

* First quoted on June 10th, 1926.

REPORTS by H.M. Trade Commissioners, Commercial Diplomatic and Consular Officers on commercial and financial conditions in the following countries, issued or in course of preparation, by the Department of Overseas Trade:—

A.—During the year 1926.

Argentina	2s. 6d. (2s. 7d.)	Guatemala, Honduras	
Austria	1s. 6d. (1s. 7d.)	and El Salvador ...	2s. 0d. (2s. 1d.)
Belgian Congo ...	1s. 6d. (1s. 7d.)	Hungary	1s. 6d. (1s. 7d.)
Belgium	4s. 0d. (4s. 2d.)	Italy	3s. 6d. (3s. 8d.)
Bolivia	6d. (6½d.)	Japan	2s. 6d. (2s. 7d.)
Brazil	2s. 0d. (2s. 1d.)	Netherlands ...	3s. 0d. (3s. 2d.)
Bulgaria	1s. 0d. (1s. 0½d.)	Newfoundland ...	2s. 3d. (2s. 4d.)
Chile	2s. 6d. (2s. 7d.)	Panama and Costa Rica	1s. 0d. (1s. 0½d.)
China	2s. 0d. (2s. 1d.)	Paraguay	1s. 0d. (1s. 0½d.)
Cuba	1s. 0d. (1s. 0½d.)	Philippine Islands ...	9d. (9½d.)
Dominican Republic and		Portugal	1s. 6d. (1s. 7d.)
Hayti	1s. 6d. (1s. 7d.)	Roumania	2s. 0d. (2s. 1d.)
East Africa	1s. 6d. (1s. 7d.)	Spain	2s. 6d. (2s. 7d.)
Ecuador	1s. 0d. (1s. 0½d.)	United States of America	3s. 6d. (3s. 8d.)
Egypt	1s. 6d. (1s. 7d.)	Uruguay	9d. (9½d.)
Germany	4s. 6d. (4s. 8d.)	Venezuela	1s. 0d. (1s. 0½d.)

B.—During the year 1927.

Belgium	4s. 6d. (4s. 8d.)	Netherlands East Indies	3s. 0d. (3s. 2d.)
Brazil	1s. 6d. (1s. 7d.)	New Zealand	2s. 0d. (2s. 1d.)
Canada	2s. 6d. (2s. 7d.)	Norway	2s. 0d. (2s. 1d.)
Canary Islands ...	1s. 0d. (1s. 0½d.)	Palestine	1s. 0d. (1s. 0½d.)
Czechoslovakia ...	1s. 6d. (1s. 7d.)	Peru	2s. 0d. (2s. 1d.)
Denmark	1s. 6d. (1s. 7d.)	Poland	1s. 6d. (1s. 7d.)
Egypt	(See Cover.)	Portuguese East Africa	1s. 6d. (1s. 7d.)
Estonia	1s. 0d. (1s. 0½d.)	Roumania	(In preparation.)
Finland	1s. 0d. (1s. 0½d.)	Siam	1s. 6d. (1s. 7d.)
France	7s. 6d. (7s. 9d.)	Switzerland	1s. 6d. (1s. 7d.)
Germany	(In preparation.)	United States of America	(In preparation.)
Greece	(In preparation.)	Turkey	(In preparation.)
Italy	3s. 6d. (3s. 8d.)	Report on the Japanese	
Latvia	9d. (9½d.)	Cotton Industry ...	3s. 0d. (3s. 2d.)
Netherlands	2s. 6d. (2s. 7d.)		

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